

## Hint of Rise In U.S. Rate Hits Stocks Worldwide

Report of Inflation Fear  
Among Central Bankers  
Sets Off a Selling Wave

By Mitchell Martin  
International Herald Tribune

NEW YORK — Stock prices fell around the world Monday, depressed by fears of a possible interest-rate increase in the United States and by disappointment with the latest Japanese economic stimulus plan.

Major stock markets fell as much as 2.5 percent after a published report said the Federal Open Market Committee, the U.S. central bank's policy-setting panel, adopted a bias toward raising interest rates at a meeting March 31. The Dow Jones industrial average closed down 146.98 points, or 1.6 percent, at 8,917.64.

The news was unsettling to investors in Western Europe, where stocks have had brisk gains this year based in part on low interest rates, and on Wall Street, which is enjoying an unprecedented fourth year of double-digit increases in the major equity indexes. It also pushed up interest rates in the credit markets in many countries, depressing bond prices.

U.S. central bankers have been making comments since the March meeting that indicated they were worried about inflationary pressures.

But while the idea has been bandied about the markets for the past few weeks, the report Monday in The Wall Street Journal gave it credibility. The article identified its sources as "Federal Reserve officials," but according to Samuel Kahan, who runs A.S.K. Financial Research Ltd. in Chicago, the item was taken as having been leaked from the Open Market Committee. He noted, however, that adopting a bias is not the same thing as voting for a rate increase.

"This doesn't tell us anything about what the Fed will do," Mr. Kahan said. "The real question will be, 'Are we going to be continuing to get strong economic growth, and will we get strong economic growth with rising price pressures?' If we don't see it, then the Fed won't move at all."

Nonetheless, with stocks outside the Asia-Pacific region generally trading at high prices relative to the traditional ways they are valued, the news rattled investors in Europe and the Americas, who woke up to a sharp drop in Japan's market.

The Nikkei 225-stock average fell 361.29 points, or 2.26 percent, to 16,011.24 as investors showed their displeasure with a budget plan that was announced Friday and included an income-tax break of 4 trillion yen (\$30.82 billion) over two years. There had been speculation that permanent tax cuts would be included in the plan.

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The Dollar			
New York	Monday @ 4 P.M.	previous close	
DM	1.7874	1.7906	
Pound	1.6745	1.6879	
Yen	132.07	131.245	
FF	5.9968	6.0056	
The Dow			
Monday close	previous close		
-146.98	8917.64	9064.62	
S&P 500			
Monday @ 4 P.M.	previous close		
-21.36	1068.54	1107.90	

## In India's Missile Race, Russian Experts

By Steven Lee Myers  
New York Times Service

WASHINGTON — Russia is helping India in build a sea-launched ballistic missile that can carry a nuclear warhead and strike deep into Pakistan, say senior Clinton administration officials, who fear the program will inflame simmering tensions in South Asia.

The assistance has continued for at least three years, the officials said, despite assurances from Russia that its scientists are not contributing restricted technology to India's missile programs.

Vice President Al Gore and other senior administration officials have appeared to Russian officials in halt the

support, with little success. India, which has long had military ties to Russia, has been trying for years to develop a series of more powerful missiles. Although not tested, the sea-launched missile, the Sagaria, whose name means oceanic in Hindi, is said to have a range of nearly 200 miles (325 kilometers) and is meant to be launched from submerged submarines.

That would be a technological breakthrough for India in its arms race with Pakistan. U.S. intelligence officials re-

gard the rivalry as one of the most dangerous flash points for conventional or even nuclear war. The two countries have fought three wars since independence from Britain in 1947.

India has had an extensive nuclear weapons program since it first tested a nuclear device in 1974.

This month Pakistan tested a medium-range missile that can carry a nuclear weapon that would allow it to

See INDIA, Page 6

## Spill in Spain Becomes Flow of Death

Compiled by Our Staff From Dispatches

MADRID — A toxic spill in southern Spain has caused an ecological disaster that is worsening by the hour as contaminated water and acidic mud flow toward the sea, environmentalists said Monday.

Greenpeace said the huge tide of poisonous waste, diverted away from the Donana National Park on Sunday, was killing everything in its path as it moved downstream in rivers and man-made channels to the Gulf of Cadiz.

Environment Minister Isabel Tocino said Donana, one of Europe's most prized nature reserves, was out of danger,

but she described the ecological damage to the region as "catastrophic."

"The ecological and agricultural damage is enormous," she said.

The crisis began Saturday when a giant holding pool at the Aznalcollar mine, owned by a Canadian-Swedish company, Boliden Ltd., burst its banks.

Mrs. Tocino said that an estimated 5 million cubic meters (167 million cubic feet) of waste that flooded out of the reservoir Saturday into the Guadalquivir River had been diverted by makeshift dikes away from the Donana Park toward the larger Guadalquivir River to the southeast, which flows into the At-

lantic 60 kilometers (35 miles) downstream. The reservoir was about the same distance north of the park.

Attention turned Monday to evaluating the extent of the damage and determining who was to blame.

Environmental activists said the situation was still not completely under control, and they accused the authorities of playing down the effects that the contaminated rivers and farmland would have on the park.

Polluted mud surrounding the park, 40 kilometers southwest of Seville, will be a

See SPAIN, Page 6



Signs of Rising Tensions Bring Kosovo Closer to a Flare-Up

A Yugoslav policeman guarding a police car that was shot up in the troubled province of Kosovo during an ambush. By sending Yugoslav Army troops into action in the border region with Albania, President Slobodan Milosevic has raised the likelihood of more active involvement by U.S. and other NATO forces, American and other Western diplomats said. Page 7.

## Finance Ministry Reprimands 'Mr. Yen'

2 Senior Officials Step Down Amid Crackdown on Ethics Violations

By Sandra Sugawara  
Washington Post Service

TOKYO — In a wide-ranging crackdown on alleged corruption in the powerful Finance Ministry, the agency announced Monday that 112 officials, including Eisuke Sakakibara, the influential deputy minister for international affairs, had been punished for improperly accepting meals and entertainment from financial institutions that they had supervised. Two high-ranking officials, including the head of the securities bureau, resigned.

Mr. Sakakibara, known as "Mr. Yen" for his ability to influence yen exchange rates, received a reprimand for accepting meals from companies related to his jurisdiction. In recent weeks, there has been growing speculation about Mr. Sakakibara's future at the ministry because of his rumored involvement in the scandal.

But traders said Monday they expected him to remain because the punishment against him was relatively mild.

The two officials who resigned were Atsushi Nagano, director-general of the

Finance Ministry's securities bureau, and Takashi Sugii, deputy director-general of the ministry's banking bureau. The two men were singled out because they had been entertained more often than many officials and because of their high-ranking positions, a ministry spokesman said.

Kimio Yamaguchi, director-general of the banking bureau, received an involuntary pay cut for his violations. The ministry spokesman would not give further details.

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## AGENDA



A HARSH ASIDE — Prime Minister Jean Chretien of Canada being greeted by Fidel Castro. The White House disparaged Mr. Castro on Monday for urging a war crimes trial of U.S. officials. Page 5.

## Clinton Sees Hope on Mideast Talks

WASHINGTON (AP) — President Bill Clinton held out hope Monday that Israel and the Palestinians could "close the gap" in the next couple of years on stalled peace negotiations.

At a White House ceremony marking Israel's half-century as a nation, Mr. Clinton pleaded for reconciliation in the Middle East and cau-

tioned against yielding to extremist groups. "We cannot let the extremists prevail," he said. "Israel can fulfill its full promise by drawing on the courage and vision of its founders to achieve peace with security. Never has the opportunity been more real, and it must not be lost."

Related article, Page 5.

## Bishop Is Murdered in Guatemala City

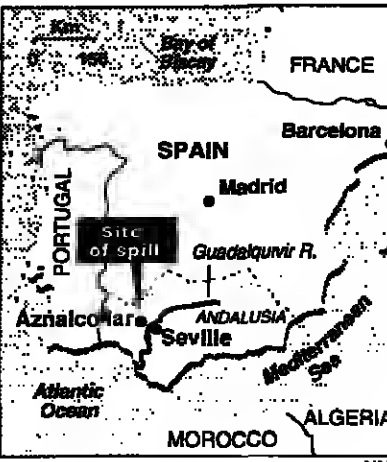
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TURKEY BUSINESS UPDATE

The IHT on-line www.ih.com

Bishop Juan Gerardi Conedera was beaten to death in the garage of his Guatemala City home two days after presenting a report on human rights violations during the nation's civil war, church sources said Monday. A lay worker who helped the bishop on the inquiry said the timing of his murder Sunday was suspicious. Page 3.



## Gaining Runoff In Siberia Vote, Lebed Passes Presidency Test

By Michael R. Gordon  
New York Times Service

MOSCOW — Alexander Lebed, the outspoken former general, has enhanced his presidential hopes by winning a place in the runoff election for governor of a vast Russian region.

The race for governor is by Mr. Lebed's admission a make-or-break political test. He is planning to use the region, Krasnoyarsk, as a springboard for the presidential race in 2000 if he wins. He risks political oblivion if he loses.

Final election results on Monday showed Mr. Lebed leading the pack of eight candidates with 45 percent of the vote. Valeri Zubov, the incumbent, who was supported by the Kremlin, was second, with 36 percent. The Communist candidate, Piotr Romanov, trailed with 13 percent. Turnout was put at a record 61 percent.

But since no candidate won the more than 50 percent needed for outright victory, Mr. Lebed and Mr. Zubov will go head to head in a runoff, probably on May 17.

[On Monday, Mr. Lebed was already looking past the runoff to the presidency. The Associated Press reported from Krasnoyarsk.

"The only condition under which I will run for president will be when the Krasnoyarsk territory is prosperous," he said in a national television interview.

[National opinion polls, however, indicate that he is currently the choice of only about 8 percent of the electorate, well behind such figures as Gennadi Zyuganov, the Communist Party leader.]

Situated in the heart of Siberia, Krasnoyarsk would be a valuable prize for Mr. Lebed, 48. One-fourth the size of the United States, it has some of Russia's richest resources and most important industries.

The Krasnoyarsk governor is also a leading member of Russia's upper house of Parliament, giving him a national platform.

But like most of Russia, the region is afflicted with chronic wage arrears and idle factories, making it fertile ground for a candidate like Mr. Lebed, who has cast himself as a no-nonsense opponent of the political establishment.

Mr. Lebed became a national sensation by coming in third, with 16 percent of the vote, in the 1996 presidential race. He entered the governor's race calculating that his celebrity would enable him to triumph over a weak field.

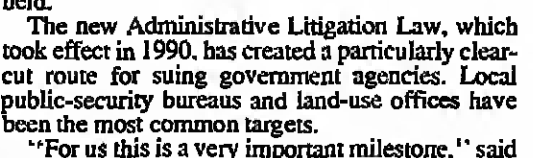
But after voters said they were wary about supporting a candidate who has

See LEBED, Page 6



## *Increasingly, Chinese Are Telling It to the Judge*

Miss Sun and Mr. Zhang are part of this new breed. They have remodeled the apartment they live



"China is filled with abuses of discretion, and the law has the potential to curb these," said Stanley Lubman, a consulting professor at Stanford University Law School and a specialist in Chinese law. "Just the fact that this kind of case occurred is certainly important and worth noting."

The cost of bearing children was not a factor, in part because of the practice in which men often left mothers and chil-

when economic troubles beset her uncles, they could no longer help. She longed to go to university, but barely made it through secondary school.

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THE AMERICAS

# Children See, Children Do? Educators Decry Violent TV Talk Show

By Maria Glod  
Washington Post Service

WASHINGTON — A group of girls who were at 14-year-old Ashley McKay's house for a slumber party recently spent most of the evening chattering about boys and nail-polish shades. But when 11 o'clock rolled around, the chanting began: "Jerry-ry! Jerry-ry! Jerry-ry!"

For the next hour, the seven girls, as well as two boys, had their eyes glued to the television. When one of the guests on "The Jerry Springer Show" found out that her boyfriend was sleeping with her best friend and lunged at the other woman, Ashley and her friends shrieked with delight. "Oh my God, cat fight!" one yelled.

"Beat each other up!" another shouted.

Stephanie Doyle, president of the Parent Teacher Organization at the Blue Ridge Middle School in Loudoun County, Virginia, said Mr.

Springer's show was "wildly popular" among students there. "Kids talk about it at school, and if they're home during the day, they watch it. It's become a social thing."

The phenomenon is deeply troubling to some parents and educators, who worry about how children are affected by a show that treats hair-pulling as entertainment and has segments with titles such as "I'm a Teen Call-Girl" and "Your Man Wants Me!"

Betsy Covington, principal of Dumfries Elementary School in Prince William County, Virginia, said she saw the effects of Mr. Springer's show on children as young as 5 or 6. Lately, she has noticed that many children yell and kick on the playground and in the hall are actually acting out fights from the show.

"I've seen the outbursts of the violence and I don't like what I see," said Angela Como, a school-board member in Prince George County,

Maryland. "It shows disrespect and it shows a violent way to settle an argument."

Mr. Springer now rivals Oprah Winfrey as the most popular daytime TV talk-show host in America, and children are among his most devoted fans.

According to Nielsen ratings, about 750,000 people nationwide between the ages of 12 and 17 are watching Mr. Springer, whose hallmark is to present fistfights between ex-lovers, feuding relatives, political extremists and other screaming guests. The show was featured on MTV's spring-break week this year and is even the subject of a new rap song.

Last week, officials at the NBC television network affiliate in Chicago that hosted Mr. Springer's tapings decided to drop the show, citing concerns about youth viewership. But the Fox network affiliate in Chicago immediately picked up the show and promised to air it twice daily.

In Detroit and Sacramento, stations this month moved the show out of midafternoon time slots after parents complained about the number of children watching Mr. Springer when they came home from school.

In Norfolk, Virginia, an elementary school principal whose staff has seen students acting out arguments from the show on the playground sent a letter to parents asking them to bar their children from watching it.

In response to such complaints, the California-based USA Networks Studios, which owns the Springer show, recently promised to "minimize further altercations among guests" and have begun running a disclaimer at the start of each episode warning parents of the violent content.

"We're not targeting kids," said a company spokesman, Jim Benson. "We put on a strong advisory urging parents not to let their kids watch the show. It's about as much as a producer can do

without being in everybody's living room."

Several experts said it was the dehumanizing aspect of the show that was most worrisome.

Perhaps the biggest harm comes from the way men and women are shown in confrontations arising from sexual trysts, said Stuart Fischhoff, a professor of media psychology at California State University in Los Angeles.

"It perpetuates treating each other badly," Mr. Fischhoff said. "It reinforces the worst gender stereotypes," such as men being unfaithful and women being "out to grab what they can get."

But the same could be said about any number of TV programs, movies and radio talk shows, Mr. Fischhoff and others acknowledged.

"It's hard to isolate Jerry Springer from the rest of popular culture," he said. "Most kids simply see it as a burlesque, like they view professional wrestling."

## Bishop Is Slain In Guatemala After He Gives Rights Report

The Associated Press

GUATEMALA CITY — A Roman Catholic bishop was beaten to death here two days after presenting a scathing report on human rights violations during the country's 36-year civil war.

An attacker killed Auxiliary Bishop Juan Gerardi Conedera, 75, by smashing his head with a concrete block in the garage of his Guatemala City home Sunday night, church officials said Monday.

Prosecutors and church officials said Monday that they had not determined a motive in the killing.

Bishop Gerardi was head of the Guatemala City archdiocese's human rights office. A lay worker who helped the bishop in the three-year human rights inquiry said the timing of his killing was suspicious.

"We can't come to a conclusion yet," said Edgar Gutierrez, head staff member on the report, "Never Again in Guatemala," which Bishop Gerardi presented at the Guatemala City cathedral Friday.

But Mr. Gutierrez said "we can't ignore" the fact that the report — which blamed the Guatemalan Army and civilian paramilitary groups it created for nearly 80 percent of rights abuses in the civil war — had just been released.

The report released Friday, based on 6,000 interviews with survivors, blamed the army and so-called civilian self-defense patrols for about 80 percent of the 150,000 deaths and 50,000 disappearances in the civil war. Leftist rebels were blamed in the document for about 9 percent of the deaths.

Jean Arnold, director of UN mission for Guatemala, called the killing "a violent contrast, given that Gerardi was a man who played a role in the peace process."

In one of Latin America's longest civil conflicts, leftist rebels fought the often-repressive Guatemalan government, demanding land reform and greater democracy. A peace accord was signed in 1996.

Bishop Gerardi was the first bishop to be slain in Guatemala, and his death was the first killing of such a high-ranking church member in Central America since the peace accords.

Attorney General Hugo Perez Aguilera called the crime "a vile murder," and said a police artist had drawn a sketch of the male suspect from witnesses' descriptions.

In Rome, the Vatican said it had received confirmation of Bishop Gerardi's slaying. L'Osservatore Romano, the Vatican's daily newspaper, called the bishop "one of the most strenuous defenders of human rights" during Guatemala's long civil war.



TEDDY BEAR TIME — President Clinton clutching a bear that was given to him at a production of the musical "Ragtime" in Washington.

## Bilingual Education To Be Supported

WASHINGTON — After months of spirited internal debate, the Clinton administration has decided to oppose California's Proposition 227, which would ban bilingual education, according to officials in the White House and the Department of Education.

Education Secretary Richard Riley is expected to make the announcement soon and is expected to point out that the administration is considering moving toward a goal of limiting participation in bilingual programs to three years.

"The overriding goal here is to make sure kids learn English," said a well-placed administration official. "As we looked into this, we became convinced that Proposition 227 was not the right way to do that. That kind of extreme approach is likely to result in fewer kids learning English and fewer kids doing well in other academic subjects."

Proposition 227 would replace today's patchwork of bilingual programs, some of which can last for years, with a one-year immersion in English instruction for those with limited proficiency. The overwhelming majority of students then would be shifted into

English-speaking classrooms. So popular is the measure with the public — it enjoyed a public support level of about 70 percent in a recent poll — that Mr. Clinton's opposition would have to influence a huge slice of the electorate before it could affect the outcome of the June 2 vote.

## For God and Party

WASHINGTON — For decades, Republicans have been pounded by charges that their party is anti-environment. Governor Mike Huckabee of Arkansas may have found the ideal counterpunch: Accuse environmentalists of being anti-God.

The problem with environmentalists, the Republican governor said, is that they have more faith in the Earth and animals than they have in God, the Arkansas Democrat Gazette reported.

"God made us and God made the Earth," Mr. Huckabee told the Arkansas Farm Bureau Federation. "He gave us the privilege to use it and enjoy the resources, but never to worship it. We're to worship Him, not the thing He made. To me, environmentalists are those who worship the things that He made rather than He who made them."

Mr. Huckabee, who is popular

among voters in President Bill Clinton's home state and a strong candidate for re-election in November, is not one to mince words. In 1996, he said:

"Wacko environmentalists, who get out of their concrete towers one week and a month and go look at a tree, believe they know more about the care of the land than farmers. They want to tell us what deodorant we can use and what kind of gas to put in our car."

Arkansas environmentalists angrily disputed Mr. Huckabee's remarks. In a letter to the governor, they wrote that his comments amount to "demagoguery on a scale beyond that normally seen in the course of public debate."

## Quote/Unquote

Representative Tom DeLay of Texas, the House majority whip, as Republicans test a new approach to the politics of tobacco — Cigarettes may be bad, but taxes and big government are worse: "Negotiations with President Clinton on a tobacco tax will lead to an expansion of big government. Louisiana liberals, by forcing their vision of a healthy lifestyle on American workers, will cost them billions of dollars."

## Take Social Security Down a Private Road?

### Heady Economic Times (and a Raft of Plans) Put Country in Mood for Change

By Clay Chandler  
Washington Post Service

WASHINGTON — Long dismissed as politically unthinkable, the idea of "privatizing" Social Security is gaining ground, raising the prospect that the Depression-era federal retirement program will be used, at least in part, to the ups and downs of the stock market.

Only a year ago the privatization issue fragmented a special advisory panel that was to devise a rescue plan for the financially troubled insurance program. Now Democrats and Republicans are offering competing proposals that would establish personal retirement accounts for seniors and divert some of the billions of dollars collected in Social Security payroll taxes into stocks or other private investments.

Any shift toward privatization would be a sharp departure from the federal government's longtime policy of distributing benefits to retirees according to a fixed formula, based on earnings history and family status, and investing the Social Security trust fund solely in risk-free government bonds.

Attempts to make basic changes in Social Security once were considered politically suicidal. But three months ago President Bill Clinton used his State of the Union address to launch a nationwide debate about restructuring Social Security. And in fashioning solutions, politicians have become emboldened by the public's growing ardor for stocks and its skepticism about the solvency of the system as it now is configured.

This month, Newt Gingrich, speaker of the

House; John Kasich, the House budget committee chairman; and Senator Phil Gramm, Republican of Texas, floated separate proposals that would use projected budget surpluses to fund personal retirement accounts that would supplant benefits from the existing Social Security program.

From the Democratic side, Senator Daniel Patrick Moynihan of New York and Senator Bob Kerrey of Nebraska have introduced a plan that would cut Social Security taxes by 2 percentage points and leave it to individuals to decide whether to invest their tax savings for their retirement or spend part of it.

A sign of the changing mood came this month when Henry Aaron and Robert Reischauer, economists at the Brookings Institution who have been among the most vocal defenders of the traditional Social Security system, called for creation of an independent federal retirement board charged with increasing returns from the Social Security Trust Fund by investing some of it in the private sector. Many observers viewed this as a tactical effort to blunt the appeal of more conservative proposals.

"I think it's fair to say that every plan that's out there right now incorporates some form of investment in the market in order to avoid deeper benefit cuts or sharper tax increases," said John Rother, legislative director of the American Association for Retired Persons. "The main differences in the plans are how they structure that investment."

The idea of shifting Social Security funds into the financial market worries champions of

the current system, including some Clinton administration officials. They point out that the sudden enthusiasm for privatization comes at a time when many analysts believe U.S. stock prices to be dangerously overvalued.

The program, they fret, might become viewed by the public as just another investment vehicle, which would undermine its broad communal appeal and threaten its role as a mechanism for insuring the elderly against poverty. Privatization foes also argue that workers would be swamped with complex retirement planning duties and seniors would be left at the mercy of a volatile stock market that will not necessarily continue to outperform government bonds.

An AFL-CIO legislative strategist, Gerry Shea, dismisses the burst of enthusiasm for privatizing Social Security as an inside-the-Beltway phenomenon. "There is a huge disconnect between the thinking in Washington and attitudes in the rest of the country," he said.

Other key players in the debate see a fundamental shift in worker attitudes. With the U.S. economy in its eighth consecutive year of expansion and unemployment holding steady at its lowest level in a quarter-century, Americans seem increasingly confident of their ability to take care of themselves.

At a time when the Dow Jones industrial average stands at more than 9,000 and many Americans take it for granted that they will earn high returns from their mutual funds, more of the nation's 125 million workers are beginning to view their forced participation in Social Security as a rotten deal.

## Questions Bombarding Missile Shield

### How Much? What? Why? Drive Debate as Clinton Nears Decision

By Bradley Graham  
Washington Post Service

DOWNEY, California — In the same cavernous building where Apollo modules were assembled three decades ago to carry men to the moon, a different sort of space vehicle is taking shape to fulfill a dream not of extending America's space frontier but of guarding it.

The exotic device, four feet long and meant to fit atop a rocket, is designed to search out and crash into enemy warheads heading toward the United States. Engineers at the Boeing Co. facility here exude confidence that the ingenuity, purpose and resources that infused the moon mission can also finally make missile defense a success after years of aborted starts and flight-test failures.

But America's path to build a reliable interceptor missile and erect a national shield remains far more tentative and troubled than was the contest to beat the Russians to the moon. Fifteen years and \$50 billion after President Ronald Reagan put forward his vision of a "Star Wars" defense, the United States still lacks the means for blocking an intercontinental ballistic missile.

Nearly \$1 billion continues to be spent annually on developing a national system to protect U.S. territory and \$3 billion or so more on battlefield weapons to safeguard U.S. troops abroad. In all, more than a half-dozen programs have sprung up under the missile defense umbrella, consuming more research and development money than any other category of weaponry.

As the Clinton administration edges

closer to a decision on whether to field a modest national anti-missile system, basic questions that have dogged the development effort since its inception are driving renewed political debate: Will the technology work? Is the system really necessary? Is it worth the expense? Will the weapons jeopardize the 1972 Anti-Ballistic Missile Treaty signed with Moscow?

Fresh concerns arose last month when a panel of independent experts appointed by the Pentagon reported that missile defense work in recent years had been marred by poor planning, insufficient testing and political pressure to hasten inauguration of the systems.

Warning against a "rush to failure," the panel said decisions to accept abbreviated timetables and minimal numbers of flight tests had heightened the risk of more failures, delays and cost overruns.

Defenders of the plan to build a national shield fault politics for slowing the program. They attribute delays to the absence of a firm commitment to the project and to shifts in the focus of research — from elaborate space-based arsenals in the Reagan years, such as orbiting lasers, electromagnetic "canons" and "Brilliant Pebbles" satellites, to the predominantly ground-based architecture favored by the Clinton administration.

The more ambitious designs pursued in the 1980s to thwart a massive attack have left some technological legacy in improved radars, infrared sensors and composite materials being incorporated in today's model. But the collapse of the

Soviet Union lessened the sense of urgency at the start of the 1990s and prompted both a scaling back of designs and more political bickering.

"The reason things have been moving slowly is that not all the key players see this as important to do in a big hurry," said Greg Canavan, a senior scientist at the Los Alamos National Laboratory, who helped conceive the now-defunct "Brilliant Pebbles" program. "There has been a lot of bureaucratic jockeying and not a great deal of consensus among the political players."

John Peller, Boeing's program manager for national missile defense, called the current program "less technically challenging" than reaching the moon or even inventing the space shuttle, which he supervised during the 1970s. "The shuttle is a rocket, a spacecraft, a re-entry vehicle and an airplane all rolled into one," he said, "while the missile interceptor is a rocket with a smart front end."

Still, whether that "smart front end" can reliably find and ram into a target traveling several times faster than a bullet remains unproven. Prototype interceptors have failed to score hits routinely under benign conditions, let alone under the stressful circumstances of combat.

In 20 intercept attempts over the last decade using various designs, only seven missiles struck their targets.

"It's an absurd notion that if only we had the national will, this stuff would work," said Stephen Schwartz, a defense analyst with the Brookings Institution in Washington.

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## ASIA/PACIFIC

# World War II Sex Slaves Win Court Case in Japan

## Tokyo Must Compensate South Korean Women

**The Associated Press**  
TOKYO — In a surprising condemnation of government policy, a court on Monday ordered Japan to pay the equivalent of \$2,300 to each of three South Korean women who were forced into sexual slavery for Japanese soldiers during World War II.

Japan has persistently refused to pay individual redress to former sex slaves and other war victims, arguing that post-war treaties settled all claims.

But Judge Hideaki Chikashita, at the Yamaguchi District Court in southwestern Japan, ruled that the government must compensate the women for their suffering, calling it a "fundamental violation of human rights."

Both the Japanese Foreign Ministry in Tokyo and the South Korean Foreign Affairs Ministry declined comment until the court order could be studied.

The ruling, the first in a lawsuit filed by former sex slaves, is likely to have a profound effect on five pending cases and may encourage others to come forward and file new lawsuits.

Historians say as many as 200,000 Asian women, euphemistically referred to as "comfort women," were taken to front-line brothels and repeatedly raped by the soldiers.

It was only in 1992, after many years of silence, that Japan admitted that the army had been involved in setting up and running the brothels. The women filed their lawsuit that year.

In this case, 10 women demanded a total of \$4.2 million for their suffering. The court rejected claims by seven of the women, who were forced to work in Japanese military plants but were not sex slaves, a court official said.

National television showed the women, some wearing traditional Korean dress, slowly walking into the courtroom hand-in-hand. When the ruling was announced, supporters outside the courthouse clapped and cheered.

The court found that the government should have passed laws to repay the former sex slaves for their suffering.

Their right was guaranteed under the constitution, the judge ruled, and was acknowledged in 1993 when the government admitted it had forcibly kidnapped them into sexual slavery.

But some said the ruling did not go far enough.

"The ruling should be praised for admitting responsibility, but the amount of compensation is too small," said Yoshiaki Yoshimi, a professor of history at Chuo University in Tokyo.

Japan has paid some assistance in former sex slaves through a privately funded body, the Asian Women's Fund for Women, as a way of skirting official responsibility.

Many women have refused to accept payments from the fund, calling it part of Japan's attempts to avoid responsibility for its actions during World War II.

The fund has paid out more than \$760,000 the last two years.

Last month, South Korea decided to compensate its former sex slaves directly, Taiwan made payments to surviving sex slaves in December.

No one is sure how many former sex slaves are still alive since many kept their past a secret out of shame.

# Tibetan Burns Self To Protest India's Ending of Strike

**The Associated Press**  
NEW DELHI — A Tibetan exile set himself on fire Monday to protest a decision by the Indian police to end a 49-day hunger strike against Chinese rule in Tibet.

Tseten Norbu, president of the Tibetan Youth Congress, said the police were preparing to carry the remaining three of a group of six hunger strikers to an ambulance when protesters saw a man running toward them with his clothes on fire. The protesters smothered the flames with blankets.

A doctor at Rama Manohar Lohia Hospital who refused to give his name said the victim, identified by the Tibetan Youth Congress as Thupten Ngodup, 60, had been burned over his entire body and that his chances of survival were slim.

## China-India Talks

General Fu Quanyou, the chief of the Chinese People's Liberation Army who is visiting India, said China and India had agreed to make special efforts to safeguard regional stability, Reuters reported.

General Fu, opening a visit to India that analysts see as an attempt to ease mutual suspicion between the two countries, held meetings with Indian government and military leaders in New Delhi.



A helmeted student using a slingshot against police during protests Monday in the Sumatra town of Medan.

# Sumatra Students Break Out of Campus

**Reuters**  
MEDAN, Indonesia — Troops and police fired tear-gas shells and sprayed students with a yellow dye at the gates of the largest university in Medan on Monday to stop a protest against President Suharto.

About 2,000 students chanted anti-Suharto slogans at the entrance to the University of North Sumatra before tearing down the locked iron gate and spilling onto the streets outside.

For more than two hours, they stood before hundreds of riot police and troops, occasionally throwing stones and retreating as tear-gas shells burst.

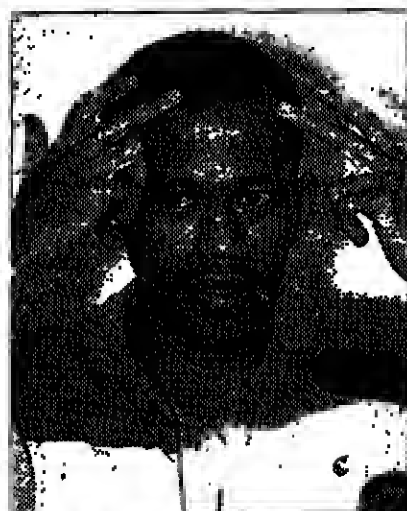
"We hate Suharto!" they chanted. "We want reform!"

Troop reinforcements soon arrived, and the security forces fired a volley of tear-gas shells to push the students back into the campus. Two armored cars with water cannons on top sprayed yellow dye at the students.

Witnesses said they saw troops aim rifles at the students, but there was no sound of shots. Nor were there signs of serious injuries.

Students from two other Medan universities also held protests on Monday, squatting on the streets outside campuses as riot police watched. There were no reports of violence there.

But witnesses said police used tear gas to break up a demonstration by some



Pius Lusitranang describing his alleged torture to a rights panel.

1,000 students at St. Thomas Christian University in Medan. There were no reports of injuries or arrests there.

Mr. Suharto has been the target of many peaceful student protests around the country since mid-February — just prior to his re-election to a seventh five-year term — which security forces appear to tolerate as long as they are confined to campus.

## An Allegation of Torture

A political activist who was abducted and freed two months later testified Monday that his armed kidnappers tortured him during interrogations, The Associated Press reported from Jakarta.

Pius Lusitranang, a law school graduate who organized anti-government rallies, said he believed state security officials kidnapped him to find out about his activities.

"I was punched and given electric shocks," he told a public hearing held by members of the government-sponsored National Human Rights Commission. Mr. Pius was abducted Feb. 4 and released April 3.

Several government opponents who were recently released after being kidnapped by unidentified gunmen said they had been questioned about their political activities. At least six remain missing.

Some of those targeted have links to students who have held daily protests against Mr. Suharto. The military has denied ordering the abductions and promised to investigate.

One student activist who was reportedly missing last month turned up in police detention in Jakarta last week.

"The armed forces commander has ordered police to find the people reported missing," General Bambang Yudhoyono was quoted as saying.

# Defense Sees 'Political Agenda' In Singapore Defamation Case

**Reuters**  
SINGAPORE — A defamation case brought by Singapore's prime minister against an opposition leader should be overturned because it was politically motivated, a defense lawyer argued in court here Monday.

Charles Gray, a London-based lawyer, said Prime Minister Goh Chok Tong had hoped to drive the Workers' Party leader, Jeyaretnam, out of Parliament by making him bankrupt.

But the prime minister's lawyers argued that Mr. Jeyaretnam had clearly been guilty of defamation in references to a public dispute between his fellow Workers' Party member, Tang Liang Hong, and Mr. Goh and other leaders of the governing People's Action Party. They want the damages increased.

Mr. Goh and 10 fellow leaders of the party brought eight cases of libel against Mr. Jeyaretnam, and Mr. Goh's has been taken as a test that would determine the rulings in them all.

"All these suits were brought because of a political agenda," Mr. Gray told Singapore's Court of Appeal.

## BRIEFLY

### Afghan Peace Talks Stall Over Council

ISLAMABAD, Pakistan — Peace talks between Afghanistan's warring factions were deadlocked Monday over the composition of a representative council that would be appointed to negotiate a settlement to the civil war.

A disagreement between the fundamentalist Taliban regime and its military opponents over the necessary religious qualifications of council members prompted a half-day suspension of the talks so that delegates could consult their leaders in Afghanistan. The UN-sponsored talks, which began Sunday, are to resume Tuesday.

Sources in Islamabad described the disagreement as serious enough to threaten to break up the first structured peace talks between Afghanistan's factions since the Taliban militia took control of Kabul, the capital, in September 1996.

On a trip to Afghanistan on April 17, the U.S. representative to the UN, Bill Richardson, won an agreement from the leaders of major factions to send delegates to the preliminary round of peace talks. The leadership of both sides had agreed to nominate members of a council of *ulema*, or Islamic scholars, to forge a peace agreement. But their delegations have differed on the definition of an Islamic scholar. (WP)

### 22 Kashmiris Killed

MUZZAFARABAD, Pakistan — Gunmen slaughtered 22 people in a remote Kashmir village that straddles Pakistan's disputed border with India, authorities said Monday.

The attackers came to Bindala Samahani overnight and massacred two families before escaping. Three people were injured. The village is 250 kilometers southeast of Muzaffarabad, capital of the part of Kashmir controlled by Pakistan.

There was no claim of responsibility for the attack. But a Pakistani official blamed India. (AP)

### Malaysia Drug Bust

KUALA LUMPUR — Hundreds of motorists crossing from Thailand to Malaysia were stopped and made to produce urine samples as part of a drug crackdown, a news report said Monday.

Police said a 30-officer anti-narcotics team flagged motorists at random for mandatory spot tests. Motorists who failed to cooperate were detained. Monday's Star newspaper reported.

The full-day operation, at the Bukit Kayu Hitam border checkpoint, yielded 10 positive urine tests. Authorities said they suspected truck and taxi drivers took drugs to endure long journeys. (AP)

# Indonesians In Malaysia Return Home As Suspects

By Thomas Fuller  
International Herald Tribune

PANTON LABU, Indonesia — When the police raided Taib Ismail's home several months ago, it was the end of his short but lucrative stint in Malaysia as an illegal immigrant and the beginning of a long journey home to this land of rice paddies and rough wooden houses.

Mr. Taib said he was resigned to being sent back to this impoverished town and did not take part in the riots last month at a detention center for Indonesians awaiting deportation. But during a recent interview at his home he wanted to be sure of one thing: "This isn't about politics, right?"

Politics is a taboo subject in Mr. Taib's home province of Aceh. It is a prickly issue that will determine the fate of more than 20 of his countrymen who sought asylum several weeks ago at the U.S. Embassy and the United Nations mission in Kuala Lumpur.

Officials at the two compounds have been trying to decide whether they are political refugees, members of a separatist movement who have been battling the Indonesian government for the past 20 years, or simply illegal workers reluctant to give up their lives in wealthier Malaysia.

During the past two decades, thousands of people have left this western tip of Indonesia, seeking a better life across the Straits of Malacca in Malaysia. They have been joined by some members of Aceh Merdeka, or Free Aceh, a group that wants independence for the province of 4 million people.

Hit by the regional economic crisis, Malaysia and other Southeast Asian nations are deporting hundreds of thousands of illegal workers; Malaysia plans to have sent home 200,000 by August.

The asylum-seekers in Kuala Lumpur say they are afraid that if they are deported, they will be tried as members of the separatist group. Of the 545 people who were returned to Aceh Province last month, about 40 have been identified as members of Aceh Merdeka; according to A.G. Zainuddin, deputy governor of the province.

"If they are criminals, they will be tried in court," Mr. Zainuddin said, adding that he thought about 20 of the suspected Aceh Merdeka would be set free.

Human rights groups estimate that hundreds of people have been killed in clashes in the past decade between the separatists and Indonesian military. Members of the Aceh Merdeka also claim that many of their members have disappeared. The movement's activities peaked earlier this decade, and it is difficult to know how much support it has now.

One thing is certain: Life here is tougher and salaries are a fraction of what they are in Malaysia. Mr. Taib earned 75 ringgit (\$20) a day driving a dump truck during the year-and-a-half he was in Malaysia.

Here in Aceh, Mr. Taib says he might earn 50,000 rupiah (\$6.25) doing the same work. He has yet to find work, but says the government has promised to get him a job.

Mr. Taib was among the more than 500 Acehese who were brought back on an Indonesian naval boat, a difficult journey because hundreds had been seriously wounded in the riot at the detention center and put quickly on board without treatment. Mulya Hasjmy, an Indonesian doctor who treated prisoners on the ship, said the legs of two men became infected and had to be amputated.

Mr. Taib said that in Indonesia he was warmly welcomed.

"Most of us were very happy," he said. "We were received very well. They promised us jobs. They gave us rice, sugar, clothing, sandals and 25,000 rupiah."

The fate of the returning illegal workers is important to the International Committee of the Red Cross and the United Nations High Commissioner for Refugees in determining how the 22 asylum-seekers in Kuala Lumpur would be treated if they were sent back. The Red Cross said last week its representatives would visit Aceh soon to visit the returned workers.

Indonesian government officials often refer to members of the Aceh Merdeka movement as criminals; the group has robbed banks to raise funds and killed civilians.

Mr. Taib's father was slashed in death by Aceh Merdeka members several years ago as he was riding his scooter to the bank, according to both Mr. Taib and other residents of Pantan Labu. They took his money and left him to die.

Sympathy for the movement came from remote, rural areas, from "the uneducated and the unemployed," according to Dayan Dawood, the rector of Aceh's Syiah Kuala University.

Today, following steady rises in incomes and a three-year military operation in the jungles by the Indonesian Army, the movement is all but dead, according to Mr. Dayan, local journalists and the army, which estimates that the group has about 25 active members left in Aceh.

"Aceh Merdeka still exists, but there's no more terror," an army officer said in Aceh.

The group's leader, Hasan Tiro, works in exile from Sweden under the title "Head of State of Aceh."

# 2 Voices for Peace Surface in Israel

## Rabin Favored Big Court

By Serge Schmemm

JERUSALEM — A new voice for peace can be heard in Israel, and it is the voice of a former member of the Israeli Defense Forces.

It is the voice of a former member of the Israeli Defense Forces, a man who served in the army for 20 years and was a member of the elite unit known as the Sayeret Matkal.

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## 2 Voices for Peace Surface in Israel

Rabin Favored Big Concession

By Serge Schmemmann  
New York Times Service

JERUSALEM — American mediators trumped a familiar road between Jerusalem and Gaza on Sunday in search of an elusive formula to revive long-stalled Israeli-Palestinian peace talks. As they did, they received some unexpected support from the Israelis who started the process.

In published excerpts from a book about the negotiations that led to the 1993 peace accord between Israel and the Palestinians, Uri Savir, the chief Israeli negotiator under the former Labor government, says Yitzhak Rabin, then the Israeli prime minister, was willing to cede half the West Bank in three stages while the final settlement was negotiated.

But Mr. Rabin feared that letting the Palestinians know this would touch off a crisis, because it was far less than the Palestinians wanted. In the end, the Israelis who Yasser Arafat's agreement without revealing the figure, and Mr. Rabin's intentions remained unknown.

The United States has proposed a plan under which Israel would cede 13 percent more of the West Bank. Prime Minister Benjamin Netanyahu has declared that ceding anything over 9 percent would undermine Israeli security.

Since the Palestinians are already in full or partial control over roughly 30 percent of the West Bank, the battle is actually between a total of 39 percent and 43 percent. Both are less than the 50 percent that Mr. Rabin, a military man, believed Israel could safely cede.

A second intervention from the past came Sunday from Shimon Peres, Mr. Rabin's partner in the peace accord and his successor as prime minister. He came out in support of the creation of a Palestinian state by May 1999.

Under the accord, a final Israeli-Palestinian settlement is to be reached by that date, and Mr. Arafat has declared that if it is not, he will consider himself free to proclaim a state unilaterally.

"We have to work, all of us, so that by May 1999 we

have a permanent agreement between the Palestinian people and ourselves," Mr. Peres said after meeting Mr. Arafat in Gaza City on Sunday. "I hope that by then we will recognize the establishment of a Palestinian state."

My view is that the only solution possible is to have two different states. For Israel to remain Jewish, we need a Palestinian state as well; otherwise, we will have a binational state or a binational tragedy."

Two U.S. mediators, Dennis Ross, the special Middle East envoy, and Assistant Secretary of State Martin Indyk, a former ambassador to Israel, met with Mr. Netanyahu for more than three hours on Saturday, and continued talks with Mr. Arafat on Sunday.

[Mr. Ross met with two Palestinian officials, Saeb Erekat and Mahmud Abbas, also known as Abu Mazen, on Monday before further talks with Mr. Netanyahu later in the day, Reuters reported.]

Their efforts were aimed at meetings that Secretary of State Madeleine Albright has scheduled with the Israeli and Palestinian leaders in London next week. Vice President Al Gore is also expected to try his hand at mediation when he arrives here this week to take part in Israel's 50th anniversary celebrations.

**Initiative by Weizman**

President Ezer Weizman of Israel held surprise talks with top Palestinian negotiators on Monday, Reuters reported from Jerusalem.

Israeli and Palestinian officials said Mr. Weizman met Mr. Abbas and Mr. Erekat. Mr. Weizman's post is largely ceremonial, but the former defense chief, an architect of Israel's 1979 peace treaty with Egypt, has tried in the past, by meeting Palestinian leaders, to prod Mr. Netanyahu toward compromise.

"We met President Weizman today and discussed with him American efforts to revive the peace process and the points of differences between us and the Israelis," Mr. Abbas said. This month, Mr. Weizman said in a newspaper interview that the peace process "is not just standing still, it is flat on its back."

## U.S. Disparages Castro

WASHINGTON — The United States said Monday that Fidel Castro had proven himself to be "woefully out of touch" by calling for organizers of the U.S. embargo of Cuba to be put on trial as war criminals.

The White House press secretary, Michael McCurry, commenting on a visit to Cuba by Prime Minister Jean Chretien of Canada, acknowledged that the U.S. policy of economically isolating Cuba had not brought democratic change in the 36 years it had been in place. But he contended it was the best long-term strategy.

Appearing with Mr. Chretien on Sunday, Mr. Castro called the embargo a "great crime" and suggested that U.S. government officials be tried in an international court.

Mr. McCurry said: "If you needed any more evidence that Fidel Castro is woefully out of touch with history, his remarks welcoming Prime Minister Chretien to Cuba were ample evidence of what an outlier he is in the world community." (Reuters)

## Briton Freed, Iran Says

TEHRAN — The Foreign Ministry confirmed Monday that a British national had been detained by Iranian authorities but said he was later freed and returned to Britain.

Foreign Minister Kamal Kharrazi said a report about the arrest that surfaced Sunday was old news. "This reporter was arrested

taking unauthorized photographs," Mr. Kharrazi said. "He was released and is no longer in Iran. He is in Britain."

The Iranian daily Jomhuri Eslami said Sunday that a Briton had been arrested in western Iran. It quoted sources as identifying the man as Robert Gavin and asserting that he worked for the British MI6 intelligence agency. The official Iranian press agency, IRNA, gave the man's name as Robert Gavin. Jomhuri Eslami said the man had been posing as a journalist but had confessed to spying.

In London, the British Foreign Office said it was trying to verify the report. (AP)

## Mines Hurt 6 in Lebanon

MARIYOUN, Lebanon — Five Israeli troops and a pro-Israeli militiaman were wounded Monday in two land-mine explosions set by pro-Iranian Hezbollah guerrillas, security sources said.

In Jerusalem, the Israeli Army confirmed that a land-mine explosion had wounded an officer and four enlisted men during a military operation in the southern Lebanon "security zone." One of the five, an officer, was seriously wounded, the army said.

A few hours later, a militia source said a South Lebanon Army militiaman had been wounded by a mine explosion as he patrolled in the Jezzine enclave, just north of the Israeli zone. In Beirut, Hezbollah said it was responsible for both attacks. (Reuters)



**FREEDOM CELEBRATION** — President Nelson Mandela waving Monday at a Freedom Day celebration in Cape Town, which celebrates the first elections under universal suffrage four years ago. He is flanked by Chief Mangosuthu Buthe, left, and Premier-elect Gerald Morkel of the Western Cape.

## Argentina Floods Kill 18

BUENOS AIRES — Weeks of heavy rains have caused the worst flooding in Argentina in decades, killing 18 people and dangerously straining a massive dam.

The Parana River was reported Sunday to be surpassing the containment capacity of the

Argentine-Paraguayan Yacyreta hydroelectric dam in northeastern Misiones Province. The dam was to release even more water on Monday, causing more flooding. Sixteen people have been killed in the northeast and about 85,000 have been evacuated. In southern Chubut Province, two people were killed when the Chubut River overflowed; about 16,000 people were evacuated. (AP)

the euro will offer new mechanisms of financial and business relations

implications of the euro on trade and industry are far reaching

just what sort of money the euro will be will depend

potential speculation building up around the euro

The euro will be expected to eclipse the US dollar

accounting and computer systems to accept the new euro.

formidable euro currency would herald a more balanced international monetary system

economies for the impact of the euro

the euro will undoubtedly become important to Asian banking institutions

## Shell to Test U.S. On Iran Sanctions

Courtesy of Our Staff From Dispatches

NICOSIA — A consortium led by Royal Dutch/Shell Group plans to sign a framework agreement to develop Iranian offshore gas reserves in defiance of U.S. sanctions against the Islamic republic, a specialist newsletter reported Monday.

The British-Dutch energy company has decided to go ahead with development of parts of the South Pars field for export to Pakistan, according to the Middle East Economic Survey, a newsletter based in Nicosia.

The project would also involve the construction of a 1,600-kilometer (1,000-mile) pipeline linking Iran with Karachi and Multan in Pakistan, it said.

Shell's decision to step up its presence in Iran — which has the world's second-largest deposits of gas after Russia and more than 93 billion barrels of proven oil reserves — comes despite a threat of U.S. trade sanctions.

The Iran-Libya Sanctions Act signed by President Bill Clinton in 1996 provides for a range of potential penalties against non-U.S. companies that invest more than \$20 million a year in the oil or gas industry of either of those two countries.

The newsletter said Shell's decision to proceed with the deal was part of a strategy to take a more forceful stand against the U.S. legislation, which was designed to punish Iran and Libya for alleged support of terrorism.

Shell also decided to forge ahead with the project because of competitive pressure from rivals and because the company thinks the election of the moderate cleric Mohammed Khatami as president of Iran last year was a positive step, the Middle East Economic Survey said.

Shell's partners in the Iran venture include Petronas, the state-owned Malaysian energy company and Gaz de France.

The European Union strongly opposes the U.S. legislation, which has been challenged by the French oil company Total SA. Total signed a \$2.5 billion deal to develop part of the South Pars field last year.

The White House has not said whether it will take action against Total and its partners, Gazprom of Russia and Petronas of Malaysia.

The Middle East Economic Survey said the Shell consortium's development of the South Pars field with National Iranian Oil Co. would cost about \$2.5 billion, while the pipeline linking Iran to the two Pakistani cities would cost an additional \$3.2 billion.

Mark Moody-Stuart, managing director of Shell, played down the report, saying the company had always had an interest in Iran and would continue to talk to the Islamic republic.

"For a long time we've had a significant and serious interest in Iran, so nothing is really changing," he said on the sidelines of an oil conference in London.

"We are continuing to pursue opportunities across a wide front, and we continue to discuss those things," Mr. Moody-Stuart added.

The European Union trade commissioner, Sir Leon Brittan, met with Stuart Eizenstat, the U.S. undersecretary of state for economic affairs, in London on Friday to discuss the Iran-Libya Sanctions Act as well as the Helms-Burton Act, which targets investments in Cuba.

The EU has opposed both laws because of the extra-territorial nature of the U.S. legislation.

The management committee of Shell endorsed plans by the Shell Development Iran unit to proceed with the signature of a framework agreement covering the development of Iran's

offshore South Pars gas field by the middle of this summer. Total investment at the South Pars project could top \$5 billion, the newsletter said. (AFP, Reuters)

# If you think the Euro is a European currency, the rest of the world's got news for you.

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## INTERNATIONAL

## U.S. Gun Lobby, Enraged at UN Plan, Is Accused of Racist Tactics

By Raymond Bonner  
New York Times Service

VIENNA — As a UN proposal for regulating the firearms trade moved toward adoption, the National Rifle Association reacted with a sharp attack Monday, accusing the United Nations of issuing an "un-credible" report that "affronts" law-abiding American citizens.

And playing a chord popular with its generally conservative members, the organization's chief lobbyist, Tanya Metaksa, in her address to the UN Crime Commission meeting here, lashed out at the UN for acting in secrecy. The gun lobby had been criticized for its "assertiveness," Mrs. Metaksa noted in her speech. But she vowed to continue.

That "assertiveness," which has been partly successful, has included an attack on Japan that some delegates described Monday as offensive and racist. Japan

has been at the forefront of the effort to get the UN to adopt firearms resolutions.

In a letter to members of the National Rifle Association, Mrs. Metaksa warned about "this Japanese global gun scheme," and accused Japan of "meddling in the internal affairs of the United States."

"We can't give the Japanese and other UN gun-banners even half a chance to ban our guns and attack our U.S. Constitution," she wrote in an appeal to members in November.

Although Japan financed a UN study on firearms, Canada and Brazil have taken the lead in getting a resolution through the Commission on Crime Prevention and Criminal Justice. Neither of these countries was mentioned in Mrs. Metaksa's letter.

In his remarks before the Crime Commission delegates on Monday, Philip

Alpers, a New Zealand gun researcher representing the International Peace Bureau in Geneva, said that the National Rifle Association was "doing its utmost" to exploit anti-Japanese sentiments with a campaign of racism.

Mr. Alpers was the only one saying out loud what diplomats from several countries were saying in the corridors.

Asked about accusations that her letter was racist, Mrs. Metaksa said, "We were just telling the truth."

The U.S. gun lobby was largely isolated Monday, as almost every one of the 40 members of the Crime Commission openly endorsed the resolution calling for regulations on the illicit trade.

But the organization's tactics were out without effect.

They caused Japan to withdraw a resolution that went beyond just illicit trade, seeking restrictions on possession as well.

The Clinton administration has been solicitous of the National Rifle Association, U.S. officials said. They are quick to point out, for example, that Washington put a provision in the resolution calling for the UN take into account the views of "other interested parties" when drafting a firearms treaty.

This is intended to bring not only the gun lobby, but also gun makers and traders into the process, U.S. officials said.

The United States also joined the association in criticizing a report by the UN secretary-general on firearms regulations. The report, issued last month, was said to represent the conclusions of four UN workshops on firearms regulation, held in Ljubljana, Slovenia; Arusha, Tanzania; Sao Paulo, and New Delhi.

The report gave a "false impression" about what occurred at the workshops, said a member of the U.S. delegation, Enrique Perez.

The workshops did not reach any conclusions on regulations affecting hunters or did they recommend domestic campaigns calling on citizens to surrender their illegal firearms, Mr. Perez said.

It was this report that Mrs. Metaksa described as "un-credible."

Then, she turned her guns on the UN process.

"The UN's tarnished reputation shall never brighten, when its agencies cloak themselves in secrecy, when it insists on closing doors rather than opening doors, when it masquerades radical proposals as blithe conclusions in official bound documents," she said.

SUHARTO:  
The Pressures Mount

Continued from Page 1

past, helping it to grow at an average of more than 7 percent a year for the last decade after adjustment for inflation.

The Indonesian defense minister and armed forces chief, General Wiranto, appealed to students recently to moderate their actions and demands, saying that the government accepted the need for reform.

"Reform is obligatory for the nation as we cannot maintain the status quo forever," he said during a meeting between a panel of government and military leaders and some of the students. "But reform cannot occur all of a sudden."

The students are demanding an end to "corruption and collusion" that they assert allowed Mr. Suharto's relatives, friends and business associates to receive favored treatment from the government and build business empires that ran up huge foreign debts, virtually bankrupting the country.

While the allegations are not new, they carried much less weight while Indonesia prospered. But the collapse in the value of the rupiah has gravely weakened the country's banking system and crippled normal business and trade. Rizal Ramli, an Indonesian economist, said that Mr. Suharto's government had gained much of its legitimacy from economic growth. "Now this basis of legitimacy is vanishing very fast," he added.

The government is predicting that inflation will be about 50 percent this year and that the economy will shrink by 5 percent — an estimate that analysts see as conservative.

The Republika newspaper quoted a senior official Monday as saying that the latest figures from the Manpower Department in Jakarta showed that 13.9 million people were unemployed, up from 8.9 million in March.

The United States has played an active role in the complicated diplomacy involving Indonesia. After meetings with Indonesian officials in Jakarta earlier this month, the U.S. assistant secretary of state for East Asian and Pacific Affairs, Stanley Roth, said he had "stressed the importance of continued restraint on the part of the authorities" in dealing with the student demonstrations.

Speaking shortly after Mr. Suharto gave the green light to security forces to use "repressive measures" if persuasion failed to calm the students, Mr. Roth said that Washington regarded it as "very important for the students and other people in Indonesia to have the ability to express their views peacefully."

The student protests lack political clout, analysts said, because they are fragmented, occurring on many campuses, and do not appear to have coordinated leadership. But they said this could change if economic hardship created a more broadly based opposition alliance.

This is already starting. On Friday, Amien Rais, one of Indonesia's most influential Muslim leaders, came out in support of the student protests. Mr. Rais also said he would call for democratic change during a visit to the United States this week, where he will testify before a congressional subcommittee that is considering whether to impose sanctions on Indonesia for alleged human rights violations. Mr. Rais heads Muhammadiyah, a Muslim social organization that claims 28 million members in a population of 200 million, more than 85 percent of whom profess allegiance to Islam.

"I don't believe that Mr. Suharto will be able to overcome the crisis he has created," Mr. Rais told Reuters Television.

He added that he was sure that the military would ultimately side with the students against the government.

The International Institute for Strategic Studies in London said in a recent commentary that the worsening economic crisis likely would sooner or later make the armed forces reveal their political colors, either by rallying around Mr. Suharto or acting to replace him.

Security Council Takes Up  
Call to End Iraq Sanctions

The Associated Press

UNITED NATIONS, New York — The United States faced a major test of its ability to hold the line on sanctions against Iraq when the Security Council met Monday to review the seven-year embargo and the UN campaign to rid the country of illegal weapons.

The 15 council members were expected to continue the sanctions for now. Such decisions are taken by consensus without a formal vote.

No council member, including Iraqi sympathizers, is prepared to call for lifting the sanctions, imposed in 1990 after President Saddam Hussein's forces invaded Kuwait, touching off the Gulf War.

The chief U.S. delegate, Bill Richardson, said Sunday that he would veto any move to end the embargo. But the deliberations are expected to show whether support for a hard-line stance on the sanctions is eroding.

France, Russia and others are pressing for fewer inspections of Iraq's nuclear and long-range missile programs as a first step toward ultimately terminating the sanctions.

Mr. Richardson said Monday that he was consulting with the Russians and others on the nuclear issue "to see if we can develop a consensus position which deals with this matter," but he refused to elaborate.

The council was expected to discuss a recent report by the UN Special Commission, which performs the inspections, saying inspectors had made "virtually no progress" in determining whether Iraq had destroyed its banned weapons.

Iraq must persuade UN arms inspectors that it has destroyed all banned weapons, including long-range missiles and chemical and biological weapons, before the council will lift the sanctions.

A growing number of council members privately suggest that the sanctions have run their course. Rather than forcing Iraq to comply, they believe the sanctions have destroyed the Iraqi middle class and caused unacceptable suffering among Iraq's 22 million people.

Iraq's foreign minister, Mohammed Said Sahhaf, told The New York Times that support for the embargo was weakening "whether the Americans like it or not."

After the formal review in the morning, Mr. Sahhaf was to meet with council envoys later Monday to issue a personal appeal for ending the sanctions. He was expected to contend that Iraq has met the conditions for ending the sanctions but that the United States and Britain were manipulating the inspection program to prolong the sanctions indefinitely.

In Paris, a Foreign Ministry spokeswoman, Anne Gazreau-Secret, said that Iraq had taken major steps to comply with UN orders to scrap nuclear weapons and long-range missiles.

She said France wanted the number of nuclear inspections reduced. "When the time comes," she said, "an equivalent decision" should be taken to cut back on missile inspections as well.



A poster of the German People's Union to which has been fixed a caricature of Hitler with "Welcome to the 4th Reich."

## GERMANY: Election Surge of Far-Rightist Party Shocks Nation

Continued from Page 1

oee in three East German youths expressed some form of rightist leanings.

Although neo-Nazis and the People's Union share similar ideologies, xenophobia is only one of the reasons behind the party's strength. Mr. Heidelberg said. Unemployment in Saxony-Anhalt is the highest in Germany, and growth in the state is the slowest.

"Social disintegration" and the erosion of family structures leave Eastern youth without bearings in society, he said.

Saxony-Anhalt's results threaten to hurt Germany's business reputation, said the German Chamber of Industry and Commerce, DIHT. Because the successor party to the defunct East German Communists, the Party of Democratic Socialism, won 19.6 percent of the vote, the overall tally meant that roughly one in three voters chose radical protest parties and rejected mainstream Western politicians, the chamber said.

The far-right party fielded candidates that were virtually unknown, suggesting the party would collapse without Mr. Frey. The party "has no roots here," said Juergen Kriesch, a political organizer in Magdeburg for the Social Democrats, who won the statehouse. "They have no political idea except protest and feeding on the discontent."

In what used to be the industrial heartland of East Germany, residents have watched one spectacular bankruptcy after another. According to preliminary statistics, many voters for the People's Union were East Germans who went to the polls for the first time, Mr. Heidelberg said. With overt appeals to cast "protest votes," even voters without ties to the right cast their votes for the People's Union out of disillusion with mainstream Western parties, he said.

Dieter Roth, an analyst at Germany's Electoral Research Institute, said Mr. Frey's party had no chance of clearing the 5-percent hurdle for national parliamentary representation in September.

The right reveled in its triumph. In a brief appearance in Magdeburg late Sunday, Mr. Frey declared a "victory for democracy." Protesters shouted "Nazi out!" when he appeared and chased him to his bulletproof car later when he left.

"I have great fears," Germany's Jewish leader, Ignatz Bubis, said in an interview in a German newspaper.

In Jerusalem, the Simon Wiesenthal Center, an organization that tracks Nazi criminals, called the election results "an ominous development that will have far-reaching implications in Germany and far beyond its borders."

## LEBED: Advances to Runoff in Siberia

Continued from Page 1

never lived in their region, he mounted a furious effort to turn the voters around, even hiring in the French film star Alain Delon, an immensely popular figure for many Russians, who follow French cinema closely.

Mr. Lebed also had the open support of the tycoon Boris Berezovsky, whose aim is to undermine Mayor Yuri Luzhkov of Moscow, a longtime foe who is laying the groundwork for a presidential campaign.

But then Mr. Lebed's foes also worked hard to turn Krasnoyarsk into his Waterloo. Mr. Luzhkov flew to the region to stump for Mr. Zubov, as did Boris Gromov, a former general who was once Mr. Lebed's commander.

Mr. Zubov, a former sociology professor who once taught at the University of Oklahoma, sought to paint Mr. Lebed as a cynical outsider.

His campaign posters read, "We are for ourselves."

A key question now is who the Communists will support in the runoff. A victory by Mr. Zubov would in effect eliminate Mr. Lebed as a rival to Mr. Zyuganov, the Communist leader, in the 2000 presidential election. But the Communist rank and file in Krasnoyarsk may find it hard to vote for an incumbent who is identified with the government of President Boris Yeltsin.

Mr. Lebed has vowed a fight to the end. As he put it in a recent interview, "If you can't fight, don't get in the ring."



Mr. Lebed and his wife, Galina, as the results were announced Monday.

## SPAIN: Toxic Spill Becomes Flow of Death

Continued from Page 1

problem in the future, Greenpeace said. The spill cut a 30-kilometer trail of destruction along the riverbanks, damaging thousands of hectares of crops and killing birds, fish and crabs.

The authorities reported a few injuries, mostly to people burned by acidic waters while rescuing pets and livestock.

A farmers association, Asaja, issued a preliminary estimate saying that 6,000 hectares (15,000 acres) of farmland had been damaged, with losses totaling \$10 million so far.

The government said emergency measures had saved the park's ecosystem, but environmentalists said the spillage had contaminated surrounding marshlands that serve as feeding and

nesting grounds for rare bird species. The park, a 75,000-hectare, marsh-dominated reserve situated just west of where the Guadalquivir enters the Atlantic Ocean, is home to 6 million migratory birds each year. It also houses lynx, otter, eagle and other endangered species. About 40,000 people visit the sanctuary each year.

Greenpeace and other environmental groups demanded that legal action be taken against Boliden, owner of the Los Frailes mine that produces zinc, copper, lead and silver.

They also blame authorities for permitting the operation so close to Doñana. Mrs. Tociño asked a provincial judge to investigate the mining company for possible violation of environmental law.

(Reuters, AP)

## INDIA: Russia Is Lending Its Expertise to Help New Delhi Develop a Sea-Launched Ballistic Missile, U.S. Says

Continued from Page 1

strikes virtually anywhere in India, raising fears over a renewed arms race.

Russia's sale of missiles and missile technology has been one of the more nettlesome obstacles to its improved relations with the United States since the collapse of the Soviet Union.

The New York Times reported in its Saturday edition that Russia did nothing to stop a 22-ton shipment of the type of stainless steel used in making missiles on the way to Iran. The shipment was intercepted by customs officials in Azerbaijan just shy of Iranian territory.

Although the administration's concerns have focused on Iran over the last year, the help to India offers another instance of Russia's unwillingness or inability to control exports of missile technology and suggests a wider pattern of proliferation, the officials and arms experts said.

"Clearly this cooperation with India

raises questions," said a senior administration official.

India has had a variety of missiles and missile programs, including one to develop a sea-launched ballistic missile. But it has always maintained that the programs are indigenous, and it has not acknowledged the Russian help to the Sagarika missile.

[On Monday, India denied that Russia was helping it build a sea-launched ballistic missile, Reuters reported from New Delhi. "India does not have any project like this," a Defense Ministry spokesman said.]

A spokesman at the Russian Embassy in Washington, Mikhail Shurgalin, declined to discuss the missile, except to say that Moscow was fully complying with the missile nonproliferation agreement known as Missile Technology Control Regime.

The precise nature of Russia's aid is not clear, the officials said. The administration first approached Moscow

with its concerns as early as the spring of 1995. At the time, the officials said, Russia acknowledged that scientists from quasi-public research institutes that grew out of the Soviet military-industrial complex were providing technological help for the Sagarika missile.

But the Russians insisted that the assistance was limited and involved only the technology needed to launch a missile from beneath the sea's surface, the officials said.

"We had rather extensive discussions, and the Russians told us that there was some cooperation between Russian entities and the Indians, but that the cooperation was very circumscribed," the senior administration official said.

The administration received "certain commitments" that the Russian role did not involve the missile design and that it "would continue to be circumscribed," the official added.

Since then, however, intelligence reports have continued to raise questions

about Russia's involvement, the official and others said.

Another official who tracked the reports said the help had included "significant engineering services," as well as parts and equipment necessary to build and launch the missile.

The assistance appears to violate the 1993 agreement between Russia and the United States to stop helping India or any other country develop ballistic-missile technology.

At that time, Russia canceled a Soviet-era sale of equipment and technology to India that could have been used to build a ballistic missile, and it agreed to adhere to the Missile Technology Control Regime, an agreement among 29 major nations to restrict the spread of missiles.

In exchange, the Clinton administration agreed to lift sanctions that the Bush administration had imposed on the Russian and Indian space-research programs, clearing the way for U.S. and

Russian cooperation on space and satellite programs.

At the State Department, Pentagon and Central Intelligence Agency, officials are divided about whether Russia's assistance violates the missile regime, which could prompt sanctions against both Russia and India. Some officials have concluded that the help with the Sagarika is a clear violation. Others say it slips under the limits of the agreement.

The intelligence reports, the officials said, have also left uncertainties, with some suggesting that the Sagarika is not a ballistic missile but a less-sophisticated cruise missile, although either could fall under the regime's restrictions.

A senior Defense Department official said even if Russian help did not necessarily violate the regime, the cooperation has still raised concerns that India is close to mastering technology that would significantly improve its arsenal of missiles. After that, India could quickly build longer-range missiles.

Britain to Diversify  
Anti-Drug Spending

Reuters

LONDON — The government pledged Monday to use some of the assets seized from drug lords to help British addicts kick the habit.

The commitment was part of a 10-year strategy for tackling what ministers said was now a serious problem in Britain.

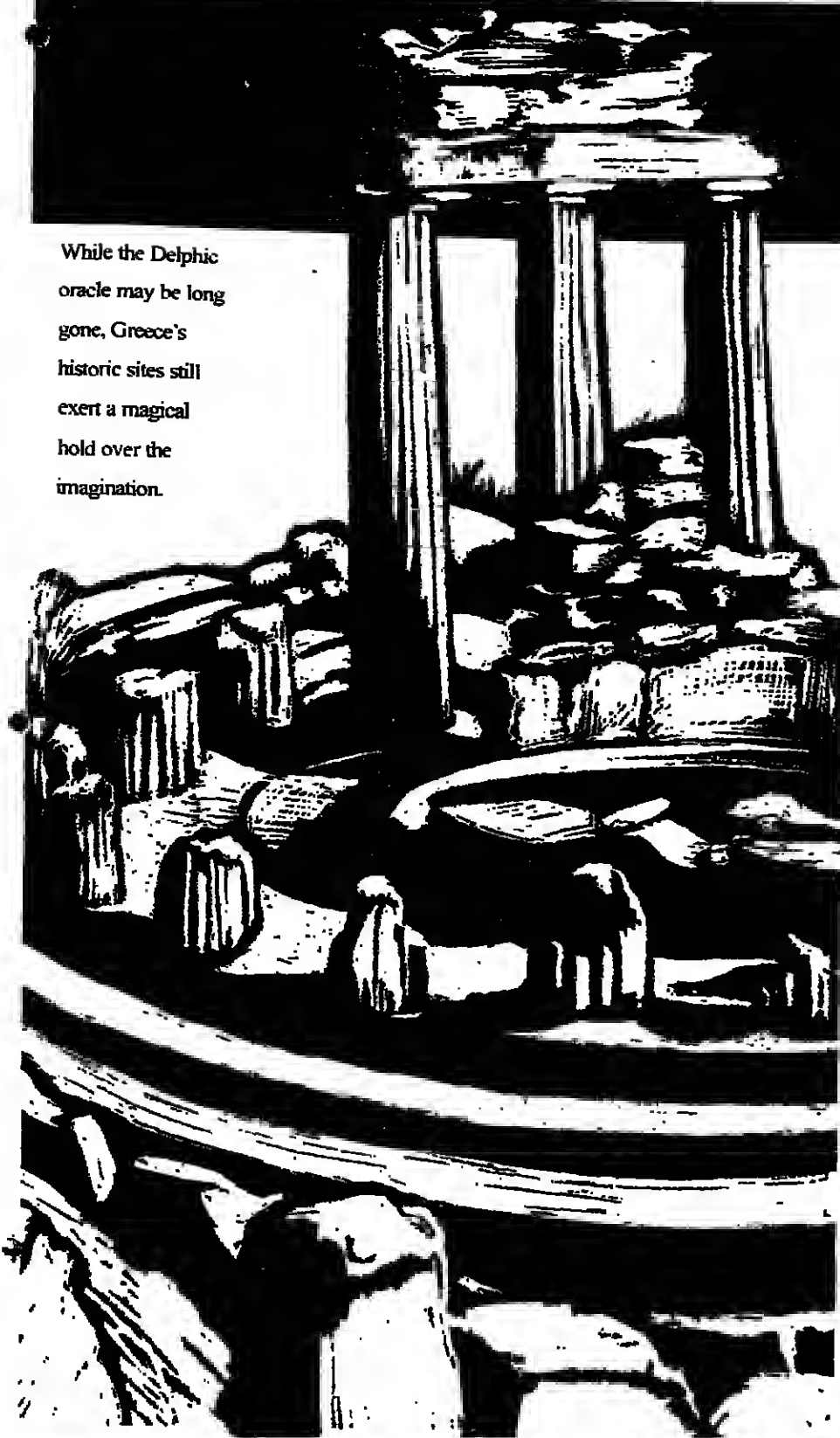
Unveiling the policy to Parliament, Ann Taylor said that assets confiscated from drug traffickers had amounted to at least \$5 million (\$8 million) in each of the last five years.

Although the government is already spending about \$1.4 billion a year on dealing with the drug problem, a consultative paper said that the number of addicts was rising and that drugs were more readily available than ever.



# DESTINATION GREECE DOORWAY TO ANTIQUITY

While the Delphic oracle may be long gone, Greece's historic sites still exert a magical hold over the imagination.



## RETURNING TO THE CENTER OF THE ANCIENT WORLD

Thanks to the Oracle of Apollo, Delphi became the center of political and social life in the ancient Greek world.

**S**pread along the southern cliffs of Mount Parnassus, home of Greece's secondary gods and nymphs, Delphi remained the most important religious center of ancient Greece until the chapels of Saint Elias on its mountain tops eventually overshadowed the temples of Phoebus Apollo, the God who ruled the movement of the sun.

### Wisdom's source

There are few Greek myths or even historical events of major importance that were not in some way connected with Delphi and its oracle. The ill-fated Oedipus Rex applied to Delphi to find out who his parents really were, and King Croesus of Lydia first asked Apollo's oracle whether he should make war against the Persian Empire. Themistocles of Athens paid the priests to tell the Athenians that they would defeat the Persians if they used "Wooden Walls," and thus made them turn to their ships and win the sea battle of Salamis.

Delphi was also the center of Amfictioniae, a meeting of Greek city-states, acting as peacemakers in a nation that spoke the same language and shared the same religion and culture, but was very seldom politically united except at times of great peril.

The advent of Christianity, however, brought the end of Delphi's glory and significance. When Julian the Apostate, nephew of Constantine the Great, became Roman emperor near the end of the fourth century A.D.

and tried to revive the ancient religion, Delphi sent him a pessimistic message: "Tell the king that the singing flute was silenced. Phoebus has no home or soothsayer, and the talking spring has run out of water."

When Greece became a free country, Delphi's ruins were buried under the village of Kastri. Fortunately for the archaeologists, the village was destroyed by an earthquake in 1870. The French Archaeological School in Greece, with the cooperation of the Greek government, moved the village to a new site, leaving the antiquities free for excavation.

Assisted by descriptions of the area by many ancient Greek authors, starting with Herodotus, and especially by the detailed travelogue of Pausanias, archaeologists were able to bring to light all the important buildings and monuments of the oracle. Delphi was divided in ancient times into the sanctuary of Apollo, surrounded by a wall, and the sanctuary of the goddess Athena, which was distinguished by the Tholos, a round structure of unknown use.

### A site of pilgrimage

Near the entrance of the sanctuary of Apollo is the Castalian spring, whose waters were used by pilgrims to cleanse themselves before they entered the sacred area. The center of the ancient site is dominated by the Temple of Apollo. It is a 23-by-58-meter Doric-style building where the Pythia, a priestess of the god, gave her answers

to those who went to Delphi seeking her advice. Built in the sixth century B.C., the temple was destroyed by fire and earthquakes and rebuilt in 548 B.C. and in 372 B.C.

### The earth's umbilicus

The temple also housed the statue of Apollo, the throne of the great poet Pindar and the Navel of the Earth, a bullet-shaped sculpture carved out of a piece of marble and now kept in the Museum of Delphi. The eastern pediment of the temple showed Apollo with his mother, Leto, and his twin sister, Artemis. The western pediment showed the god Dionysus with the Maenads.

Along the way leading from the Castalian spring to the temple of Apollo are the ruins of several small temples, erected by various cities, where the offerings of their citizens were kept. Some, like those of the Siphnians and the Athenians, were adorned with beautiful reliefs, constituting today some of the most precious items to be found in the Delphi museum.

Higher on the slope is the ancient theater of Delphi, where some of the best tragedies of the great Greek poets had their premieres. On a plateau above the theater is a stadium where every four years the Greeks held the Pythia, the games honoring Apollo. The Pythia were not only athletic games, but also included plays, poems and other cultural events held at the theater.

The most important item in the modern museum that

stands between the new town and the ancient site is the bronze statue of the Charioteer. It is the work of an unknown fifth-century B.C. artist. The Charioteer stood next to another figure in the chariot holding the reins of four horses. From an inscription near the statue's base, archaeologists surmised that it was an offering of members of a leading Sicilian family who had won a chariot race. Indeed, the charioteer's hair is held by a band worn by race winners.

Of the many statues described by Pausanias, including one of the poet Homer, composer of the Iliad and the Odyssey, only those of Cleopatra and Vion, two sixth-century B.C. kouroi, as the archaic statues of young men are called, were found. Another statue of Ganymede, the cupbearer of Zeus, fashioned in the likeness of Antinous, the favorite of Roman emperor Hadrian, is among the items displayed in the museum.

Delphi is only 180 kilometers (112 miles) from Athens, and the distance can be covered by car in about two hours. Tourist offices organize one-day tours to Delphi, or include it in three- and four-day classical tours that include Eleusis, Olympia, Epidauros and Corinth.

### Beaches and skiing, too

Delphi, however, deserves more than a day trip by the tourist interested in classical art and history. Equipped with 30 hotels and two tourist camps operating all year

round, Delphi is ideal for vacationing during the summer. It is only seven kilometers from the beaches of Itea, a port in the Gulf of Corinth, and 10 kilometers from the ski center of Parnassus.

Galaxidi, a historic port and once a center of Greek shipping, lies 12 kilometers west of Itea. About 100 kilometers west of Delphi, along the Gulf of Corinth, is the port of Nafpaktos, known as Lepanto during the Renaissance.

Off the coast here in 1571, the united fleets of Europe defeated the Ottoman fleet and put an end to Ottoman expansion westward. Miguel Cervantes, the famous Spanish poet and author of "Don Quixote," participated in the battle and was seriously injured, losing the use of his left arm.

Skiing in Parnassus has been the answer for Athenian ski-lovers who can scarcely find snow in the mountains surrounding the Greek capital. Parnassus is also favored by foreign tourists who love winter sports. It has two ski lifts and gentle slopes good for beginners.

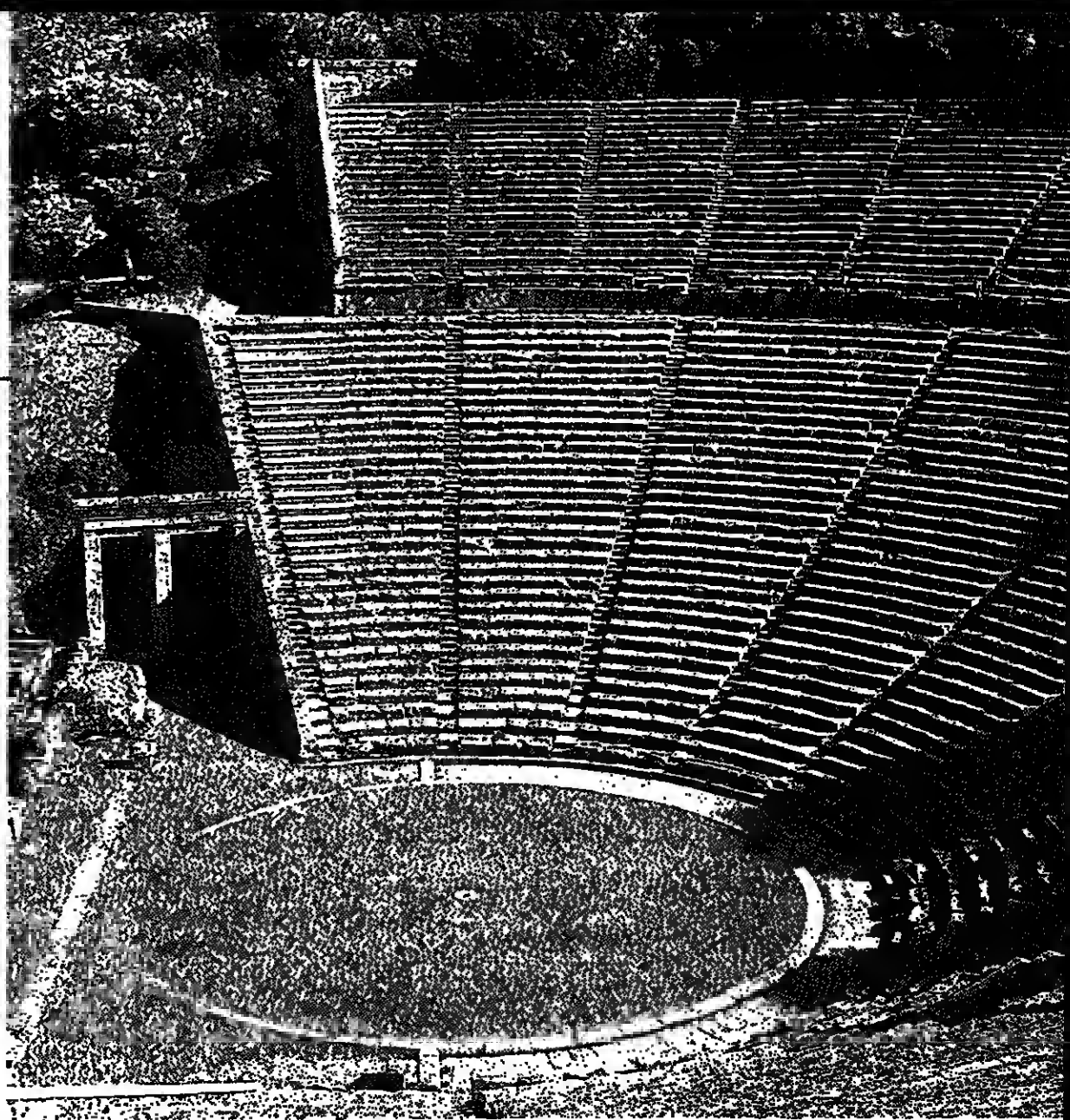
Winter-sports lovers can take advantage of the accommodations both in Delphi and Arachova, a small historic town that stands at an altitude of 980 meters and used to be known for its red wine and the woolen carpets woven by local women. Since tourism became the district's number-one industry, production of both wine and woolen carpets has dropped, but both can still be found. ●

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## U.S. Regards Intervention Over Kosovo As Possible

By Associated Press

PARIS (AP) - U.S. Secretary of State Madeleine Albright said Tuesday that the United States is prepared to take action to end the conflict in Kosovo, but that it is not yet clear whether the United States will lead a coalition to force the withdrawal of Serbian forces from the province.

Albright said the United States is "not yet ready to say whether we will lead a coalition to force the withdrawal of Serbian forces from the province." She said the United States is "not yet ready to say whether we will lead a coalition to force the withdrawal of Serbian forces from the province."

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## EUROPE

## U.S. Regards Intervention Over Kosovo As Possible

By Joseph Fitchett  
International Herald Tribune

PARIS — In sending regular Yugoslav troops into action in Kosovo's sensitive border region with Albania, President Slobodan Milosevic has deliberately escalated the international confrontation and perhaps inadvertently raised the likelihood of more active involvement by U.S. and other NATO forces in the crisis, American and other Western diplomats said Monday.

"Yugoslav military aircraft have been violating no-fly rules and Albanian airspace in their operations to support the troops on the ground," a NATO official said by phone from Brussels.

So far, "there is no contingency planning for intervention," the official said. But a U.S. ambassador said that Washington had informed Belgrade that it stood by the warning first made by the Bush administration that Yugoslav abuses in Kosovo could lead to U.S. military intervention.

Publicly, the Clinton administration has avoided any repetition of such threats, which would presumably face immediate challenges in Congress, especially because Washington, once again, seems to find itself increasingly embroiled in an escalating crisis in the Balkan fault zone that is being largely ignored in the main European capitals.

Quietly, Washington has been working to strengthen the international presence around Kosovo, especially in Albania and Macedonia. A string of U.S.-backed measures includes increased NATO cooperation with Albania and the creation of a NATO training base in Macedonia to establish a Western military presence along the borders of Kosovo.

Mr. Milosevic's latest military foray in Kosovo's Albanian border area seemed timed to demonstrate that he had no apprehensions about possible actions to be taken by the six-nation Contact Group of overseers. It will meet Friday to discuss the conflict in Kosovo, the Yugoslav province whose ethnic Albanian majority seems close to open civil war with the Serbian authorities.

"I'm afraid Washington is going to feel isolated at the Contact Group," a NATO official said, even though the agenda does not go beyond economic sanctions.

Russia opposes any steps against Belgrade, and the other European members — Germany, Britain, France and Italy — are too intensely involved in preparations for this weekend's European Union summit meeting for their governments to spare much top-level attention on Kosovo.

At U.S. urging, NATO is moving toward the establishment of a training base in Macedonia. To be situated near the Kosovo border at Krivolac, once a major Yugoslav military garrison and air base, this facility would mark a big step up from the 800-strong U.S. force now patrolling the Macedonian border under United Nations auspices.

Albania, which has been seeking Western support, has been visited in recent weeks by three military teams from NATO, which plans to establish a permanent liaison presence in Tirana.

**More Sanctions Possible**  
EU foreign ministers said Monday that Mr. Milosevic had not done enough to seek a peaceful settlement in Kosovo and threatened more sanctions unless he complied, Reuters said from Luxembourg.



Colonel Ryszard Kuklinski gesturing after meeting with Prime Minister Jerzy Buzek of Poland, who supported the spy's actions.

## Polish Spy Goes Home

WARSAW — Poland's most famous Communist-era turncoat made an emotional visit to his homeland on Monday after 17 years in exile, defending his actions to a public still divided over whether he was a hero or a traitor.

Colonel Ryszard Kuklinski, who fled Poland after informing the CIA about the Communist regime's plans to impose martial law, claimed that he acted in the interest of Polish independence. As an army officer in the 1960s and '70s, he said, he knew of Moscow's plans to attack the West and felt an obligation to stop it.

"We saw the need to escape the Soviet grip — the tools to do it were abroad, in the West and in the United States," he told a press conference, at one point wiping away tears.

Prime Minister Jerzy Buzek, who met for two hours with Colonel Kuklinski, offered his support, calling the spy "a witness to history, making decisions at very significant moments for Poland."

"Those decisions have saved our country from bloodshed," Mr. Buzek said.

Colonel Kuklinski informed the CIA of the Communist governments' activities from 1972 to 1981, and has acknowledged passing along some 35,000 pages of classified Warsaw Pact documents. He fled in November 1981, just weeks before the military crackdown against Solidarity, and has lived in an undisclosed location in the United States since then.

## Australian Nanny Charged in London Death

By T. R. Reid  
Washington Post Service

LONDON — Six months after British newspapers savaged the U.S. justice system over the trial of the English au pair Louise Woodward, there are echoes of the case in one that British prosecutors are bringing against an Australian au pair working here.

And the British papers have had no comment — because the law here will not let them.

A 26-year-old Australian, Louise Sullivan, was jailed here last week on charges of "causing grievous bodily harm with intent."

She had been nanny for a 6-month-old baby who fell into a coma while under her care. The baby was removed from life-support systems last week and died.

The Australian has since been released on bail, but prosecutors have indicated that charges against her may be increased to manslaughter or murder.

At a legal proceeding Monday, she pleaded not guilty. She was granted bail for six weeks after a 10-minute hearing at a magistrates' court in central London.

At a separate coroner's hearing Monday, a pathologist said the child appeared to have died from "shaken-baby syndrome."

There were no external physical signs of injury, however, so doctors said weeks of further study will be needed.

From what is known so far, there is a resonance of the Boston case in November when Miss Woodward, the British au pair, was convicted of second-degree murder in the "shaken-baby" death of a 9-month-old child under her care. That verdict sparked an outcry in Britain.



Louise Sullivan, the Australian nanny, arriving in a court in London on Monday.

Miss Woodward's conviction was eventually thrown out by the trial judge, who ruled her guilty of manslaughter instead. She is now out of prison, but remains in the United States pending appeals.

Many media outlets and public interest groups were exploded in fury when Miss Woodward was convicted, describing the verdict as

"ridiculous" and "outrageous." The tabloid Mirror ran the White House phone number on its front page in large red print, urging readers to call and criticize "a gross miscarriage of justice."

But newspapers that shouted "injustice" in the American case have had nothing to say about the London au pair case except for straightforward reporting of the facts.

The reason is Britain's "Contempt of Court" law, which makes it illegal to offer commentary on a criminal case before a verdict.

"It would be understandable for Americans to say, 'Well, why did the British papers jump all over our system and not say a word about this case?'" noted Mick Fullagar, a spokesman for The Mirror. "But here, we're not allowed to give a view on a case until it has been decided. Otherwise, they charge us with influencing the jury."

## Pathologist's Report

Miss Sullivan worked as a live-in nanny in North London for a Dutch company director, Marcel Jongen, and his French wife, Muriel, who were the parents of 6-month-old Caroline Jongen.

At an inquest that opened in St. Pancras court, a pathologist, Dr. Freddy Patel, said: "On initial examination, there was no evidence of any marks of violence externally. There was evidence of hemorrhaging in the brain and eyes — a combination highly suggestive of shaken-baby syndrome."

He said the autopsy would not be complete until chemical tests were concluded on the baby's brain, eyes and spinal cord. He said provisionally he would attribute cause of death to "an internal cranial catastrophe."

## 'Stupidest Right' Urges Unity

Reuters

PARIS — French conservatives, weak and divided after a year of infighting and political setbacks, launched an advertising campaign on Monday poking fun at themselves as "the stupidest right in the world."

"Gaulists: Are you sick and tired of having the stupidest right in the world? So are we. It is time to unite!" reads a poster produced by the Gaullist Rally for the Republic, the party of President Jacques Chirac.

The expression "the French right is the stupidest in the world" was coined by de Gaulle and has become part of the country's political lore. De Gaulle considered he was neither of the right or the left, but above the political fray.

The right has been in disarray since last year's general elections, when a leftist coalition of Socialists, Commu-

nists and Greens drove them from power in an upset victory. Last month, the right's woes multiplied after it lost in regional elections.

Last week, the Gaullist party puzzled many voters by abruptly changing strategy in the midst of a debate on the single European currency.

Only a few days after Mr. Chirac told the French people they had no reason to fear monetary union, the party announced it would vote against a government resolution endorsing the launching of the euro. A day later, it announced it would abstain.

On Saturday, Philippe Seguin, the party leader, said he might step down because of persistent speculation he wanted to replace Mr. Chirac as president in 2002. He said the speculation made him "the principal obstacle to the success of the party."

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## EDITORIALS/OPINION

# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Turkey's Generals

Turkey's politically meddling generals seem determined to push their country into crisis by thwarting democratic solutions to its problems. Their latest outrage is a security court's sentencing of Istanbul's Islamist mayor, Recep Tayyip Erdogan, to 10 months in jail for a speech that supposedly violated the military's rigid standards of secularist orthodoxy.

Earlier the generals outlawed Mr. Erdogan's former party, Welfare, after hounding a democratically chosen Welfare government out of office last year. In recent months, they have jailed pro-Islamic mayors, closed religious schools and arrested businessmen on charges of financing Islamic politics.

Mr. Erdogan was sentenced for inciting hatred in a speech to supporters last year in which he likened the Islamic faithful to an army on campaign. He says the language in question came from an old folk poem. The source of his words should not matter. Jailing people for political speech is offensive and usually strengthens rather than weakens

the appeal of those it makes martyrs. Mr. Erdogan, who has been an effective mayor, was considered a likely future leader of Turkey's Islamic electoral movement. He is appealing the court's decision, but can now be removed from office and banned from standing for election, even before his case is legally resolved.

Turkey is a NATO ally and an important American military partner in the Middle East. Hence Washington maintains cordial ties with Turkish generals. But it should reject the generals' contention that their clumsy interventions in political life defend the causes of secularism and democracy. In fact, the military's conduct undermines both.

The threat of Iran-style fundamentalism understandably worries secular Turks, especially women, and concerns Washington. But radicalizing an Islamic electoral movement and driving it underground will only lead its supporters to give up on the peaceful and democratic means that they now believe in.

—THE NEW YORK TIMES

## Sham in Cambodia

Cambodia is scheduled to have elections on July 26, and the world is deciding whether to help. If the vote is free and fair, providing the organization running the elections with funds could be crucial to returning elected government to that country. If it is not, the world's participation will provide Cambodia's dictator, Hun Sen, with legitimacy he does not deserve. So far, he has shown no willingness to allow even a remotely fair election. The United States and European and Asian countries should refuse to participate in his charade.

Hun Sen, who pushed his way into the government after losing internationally supervised elections in 1993, seized power in a coup last July against his co-prime minister, Prince Norodom Ranariddh. His men murdered many of the supporters of Prince Ranariddh; others fled into exile. Now that Hun Sen has agreed to hold a vote, the international community has demanded that Prince Ranariddh, who is still popular, be allowed to return and campaign. Hun Sen recently agreed.

That is the only promise he has kept. He knows that elections seen as legitimate will increase international aid and allow him to reclaim Cambodia's

seat at the United Nations. But he is not willing to risk losing power. So he has denied Prince Ranariddh and other politicians access to radio or television. Government forces continue to kill opposition activists. The government has blocked opposition parties from registering and has stacked the election commission with its supporters.

State Department officials have reached a preliminary decision that America should finance the work of nongovernmental groups in Cambodia, including election monitoring, but not the government's National Election Commission. Secretary of State Madeleine Albright ought to endorse this conclusion. Unfortunately, the European Union has begun to spend the \$10.5 million that it pledged in January, mainly for the registration process. Japan and other Asian nations are also still supporting the elections.

The right course is not to cancel the elections, which would leave Hun Sen in power, but to postpone them for six months or so, meanwhile pressuring him to make reforms. At the moment, he clearly believes that he can get away with a flawed vote. The world must prove him wrong.

—THE NEW YORK TIMES

## Leave Copyright Alone

Copyright laws are supposed to balance two interests: the creator's ability to profit from his work and the public's access to that work. U.S. copyrights now last 50 years after the death of the author, or, if the holder is a corporation, 75 years from the original copyright. After that, the public's interest in access kicks in, and works revert to the public domain where they can be published in scholarly editions and generally absorbed into the culture.

You might think half a century ample time for the heirs of an author to gather golden eggs. But as the money to be made from creative content goes up, multiplying astronomically with the proliferation of new media, the prospect of letting go at the 50-year mark looks less attractive to big owners of creative material such as Disney, the recording industry and the Motion Picture Association of America. These heavyweight copyright holders are among the backers of a 20-year extension to the copyright law, a proposal that has passed the House but has not been taken up in the Senate.

Proponents say they must match the recently extended European copyright law to keep competitive advantage in the red-hot international market for what is unenviably known as "cultural product." Without an extension they also stand to lose such golden-egg-laying geese as their caches of classic movies from the 1920s and 1930s, landmark American modernist works and, in 2004, Mickey Mouse himself.

This is clearly a different order of copyright issue from the era when a work that chanced to survive 50 or 75 years could be considered pretty much a part of the culture already. Now distributors own vast stockpiles of material whose possibilities include not just sequels and adaptations but an apparently insatiable worldwide demand for clothing, children's furnishings, spin-offs, theme parks and other pack-

aging. Meanwhile, a much higher proportion than before of popular culture—especially for children—consists of corporate-owned, copyrighted images and characters whose use is carefully regulated. Kids who might once have performed school plays about Cinderella cannot do the same with Barbie, Barney, Daffy Duck or even Winnie the Pooh, all of whose copyright owners vigorously enforce their rights—in a few celebrated instances against elementary schools and summer camps.

Opposition to the extension has come mostly from educators, artists and researchers, especially those waiting for access to papers and archives that also enter the public domain when copyright lapses. They, too, are working in a narrower space than formerly: Court decisions in favor of copyright holders have tightened the exceptions for classroom use and for quoting from unpublished letters in biographies.

Why lengthen the duration of rights already so sweeping? Fifty years seems long enough.

—THE WASHINGTON POST

## Other Comment

### Cruel Sophistries of Slavery

Moontesque, like most of his contemporaries no doubt, deemed the condition of these blacks to be cruel. However, economic reasons seemed to require slavery. So, in order to render slavery morally acceptable, there was nothing left but to deny the human condition of these "Negroes."

Furthermore, if they had been human, submitting them to the torments of all sorts that forced labor and its consequences entailed would have meant that those who imposed the torments on them could no longer regard themselves as Christians.

—François Régis Huin, writing in *Ouest-France* (Rennes).

## Stand Up for Bosnian Returnees and Save Dayton

By Anna Husarska

BANJA LUKA, Bosnia — The return of refugees in Bosnia can get confusing. This Tuesday, here in the capital of Republika Srpska, international officials and senior representatives of the three Bosnian ethnic groups hold a major conference on this subject. No doubt two Bosnian towns, Drvar and Derventa, will be discussed.

Signed at the end of 1995, the Dayton peace agreement brought peace but did not piece Bosnia together. By and large, the country remains separated into territories that were ethnically cleansed during the war. Whether they are exiled abroad (mainly in Germany) or displaced in other parts of Bosnia, very few refugees are brave enough to return to areas where they would be in the minority.

That applies to all three groups — Serbs, Croats and Muslims. And the hostile reception awaits returnees in territory under the control of any of the three. Recent events illustrate this.

In mid-April, an elderly Serbian couple who had just returned to their prewar hometown of Drvar were killed by Croats, who are now dominant there. The house where they were staying was set on fire.

A week later, displaced Croats visiting the ruins of the church in their hometown of Derventa, some 160 kilometers (100 miles) away, were attacked by Serbs, who now prevail in the town, shouting "Drvar." Stones were

thrown at the international security forces (international police and SFOR soldiers). A case of tit for tat.

In the following 24 hours, back in Drvar, Croats pelted the leader of Serbian refugees from the town, Mile Marčeta, shouting "Derventa." They set ablaze apartments to which Serbian refugees had tentatively returned, breaking every window pane in the building. They also attacked the international organizations' makeshift premises (two white containers, one on top of the other) and destroyed 20 vehicles. Again, tit for tat.

The anti-international aspect of the killing had another root. After the return of the Serbian returnees in Drvar, the international community used its protective mandate to dismiss the highest-ranking Croat in the municipality, along with the police chief and the cantonal interior minister. Decisive and swift moves by the international community, one would think.

Decisive, yes, but not very swift. The Drvar killings were a culmination of ethnically based attacks by Croats against Serbian returnees or prospective returnees. House-burning has been a specialty in Drvar since October 1996, when 35 houses were set ablaze.

The International Crisis Group has issued two reports on the subject under

the telltale titles "House Burnings" (June 1997) and "Hollow Promise" (January 1998). To no avail.

We even had a concrete solution, dubbed "a tank for a house." We suggested that when houses of refugees are burned down, SFOR, the U.S.-led international force here, should remove an equal number of tanks or heavy artillery pieces from the cantonment sites of the local army in control of the area and destroy them.

It would be a response both measured and proportionate, easy to explain and transparently fair. Had the ICG proposal been implemented, there would either be a few hundred more houses standing in Drvar or a few hundred fewer pieces of artillery in the arsenal of the Bosnian Croat army.

It is not hard to pinpoint the perpetrators. On recent visits to Drvar, I spoke with relatives and neighbors of the victims. It appears that Croats who occupy the Serbian couple's house were at first friendly to them, and became hostile after pressure from the local all-Croatian police.

What does this tell us? That inter-ethnic contacts are possible, but that nationalists still in power throughout Bosnia try to prevent them.

Strange as it may sound, the Drvar-Derventa incidents show that the political climate is improving and refugees are now returning. If no one tried to get home, there would be no incidents.

"This is an unstoppable process — we have to go back, happen what may," says Mr. Marčeta, the soft-spoken leader of Drvar Serbs. He smiled a sad smile showing a chipped front tooth.

Mr. Marčeta, nominally the mayor, Drvar, is revered by his people, the thousand Serbs who have returned and the several thousand more who wish to. He is the kind of man, and his Association for Drvar is the kind of group, that deserve most support and protection from the international community.

Whether by eliminating the perpetrators, putting pressure on their masters (in this case, President Franjo Tudjman of Croatia) or empowering the returnees themselves and extending all possible aid to them, the international community must act.

One of the first phrases a foreigner learns these days in Bosnia is "I want to go home" ("Hochu kući"). This dream may not be achievable for all 1.8 million displaced Bosnians, but the desire is the key to the success of the Dayton peace agreement. On the fulfillment of this wish to return home the Dayton agreement stands or falls, and with it the credibility of all of us.

The writer is a political analyst at the International Crisis Group, which has monitored implementation of the Dayton peace agreement in Bosnia since 1996. She contributed this comment to the International Herald Tribune.

## China: Gradual Economic Reform Presupposes Growth

By Philip Bowring

BEIJING — China seems poised between hope and fear. Hope that economic reform is about to take a big step forward and be accompanied by a more open political climate. Fear that the economy is running into the sands, which at best could stymie reform and at worst create severe social tensions.

The euphoria — especially among foreigners — which greeted the appointment of Zhu Rongji as prime minister is giving way to recognition of the size of the task before him.

This is not to downplay the talents of the tough, persuasive, clear-headed Mr. Zhu. But there are worries that expectations have reached unrealistic levels and that if he falters he will become dispensable to his boss, the uninspiring, multi-faced President Jiang Zemin.

There is much to respect in the coherence of the young technocrats in Beijing to whom Mr. Zhu listens. There is much to admire in the forthrightness of

his agenda: to force state enterprises to lay off surplus labor; to require bankers to make, and take responsibility for, credit assessments; to bring market mechanisms to bear on housing.

Meanwhile, even inefficient enterprises in China continue to show an ability to implement projects — even if they are often poorly planned ones — which is much superior to performance in most developing countries.

Mr. Zhu's appointment seems to have coincided with a slight easing of attitudes to the media, even if it is only to use controlled press exposés as a weapon against endemic official corruption. And there is talk of considering extending the experiment with village-level elections to larger administrative units.

However, the difficulty of carrying out radical reforms in the face of a weak domestic economy and international headwinds seems insufficiently

acknowledged. Some of the economic forecasts smack of the had old days of central planning, unrealistic targets and fanciful data.

Delegates at last week's World Economic Forum meeting in Beijing heard from every official from Deputy Prime Minister Li Lanqing downward that the economy will grow at 8 percent this year, enabling the absorption of laid-off labor, and the currency will remain stable. While admitting that growth has slowed, officials assure that infrastructure and housing spending will get it back on track.

However, even at a relatively low 7 percent in the first quarter, the GDP numbers look dubious when placed against data showing falling prices, very slow growth in imports and power consumption, static car output and ever rising inventories for almost every kind of manufacture.

Exports have remained buoyant, but the rate of growth is set to fall sharply as China feels the Asian crisis. Already officials are making a virtue of the pain being suffered in the interests, as they claim, of regional financial stabilization.

As of now, the American consumer is the main driver of Chinese growth — an uncomfortable position, given the length of U.S. expansion and the size of the U.S. trade deficit.

The government is expecting that increases in bank lending will spur infrastructure and housing investment. But there is already a glut of (too expensive) housing in many cities, and banks face the impossible task of combining macro-stimulus with better-quality lending.

Reform and short-term growth are contradictory. Rapid reform may need the kind of painful recession that is now being faced by South Korea and Thailand.

But that is politically unacceptable. Stability comes first. Already the state of protest against layoffs is causing nervousness among those with less stout hearts than Mr. Zhu.

In the more prosperous centers such as Shanghai there is enough economic momentum and political support to carry through much of Mr. Zhu's agenda. But it is a different matter in the interior, or in the rust belt of the northeast.

The government does have some room for maneuver. Fiscal pump priming has yet to be applied. The current account and reserves are very healthy, despite an apparent increase in hidden capital flight. Foreign investment will slow but is still an important net stimulus.

But foreign investment can be a mixed blessing. Excess investment in the wrong things is already at least as much a blight in China as elsewhere.

More car factories are going up, thanks to the likes of GM/state enterprise joint ventures, while existing ones suffer massive overcapacity. The \$20,000 sedan market is small and saturated. The demand is for basic rural vehicles costing \$3,000. Detroit does not make that stuff.

Likewise there is massive oversupply of air-conditioners. Even if they were given away, most households could not afford to operate them.

Foreign investment has been very beneficial to exports, and has upgraded many industries. But it is not clear that it has done anything to improve state enterprise profitability, and it has widened the income gap between the rich urban areas and the rest of the country.

Rural/urban income disparities and urban unemployment are making the cities tighten controls against rural migrants. This helps keep Beijing from looking like Delhi, but such interference with labor mobility entrenches disparities and contradicts trickle-down theories of growth.

Despite China's emphasis on growth, the politics of urban interests and state enterprises prevail.

So far, post-Mao China has always managed to balance gradual reform with strong economic growth, one supporting the other. If Mr. Zhu can keep that up now that reform issues have reached the industrial and political heartland, he will indeed be a hero worthy of the Deng mantle.

The writer is managing director of Deutsche Bank Research and chief economist of the Deutsche Bank Group. He contributed this comment to Newsweek.

## Europe: The Euro Will Confound Skeptics

By Norbert Walter

FRANKFURT — The Euro-skeptics insist that the risks of monetary union outweigh any advantages that it may bring. Since exchange rates can no longer be used to offset the strains of different economic conditions in member countries, growth and employment problems are inevitable, they say. The resulting political pressures will lead to demands for large intra-EU transfer payments.

And since political resistance to such payments is inevitable, skeptics regard monetary union as a threat to further European integration.

The criticism of monetary union is groundless. The countries that will soon formally renounce the right to adjust their nominal exchange rates are not giving up anything that they have not already voluntarily surrendered as part of preparations for monetary union.

In the past few years out of the 11 founding members of monetary union has devalued in order to enhance its competitiveness. What better proof of the determination and ability of the European countries to form an economic and monetary union?

Claims by Euroskeptics that the aspirants to single-currency

membership have sacrificed growth and employment in order to fulfill the convergence criteria don't hold water. Actually, government spending of more than 50 percent of GDP and taxes and social benefit contributions of more than 40 percent were clear evidence that many countries had widely diverged from being market economies.

True, the plan for monetary union forced countries to get their public finances in shape. But such reforms — to put fiscal and social policies on a healthy, economic footing — would have been indispensable anyway.

Only with a common currency will the EU's single market develop its full dynamic potential. The euro will make pricing more transparent, resulting in greater competition and, hence, stronger growth. The days when, for want of competition, Europe's economies became encrusted and inflexible will be over. For market-oriented economies, greater competitive pressure is anything but negative.

Competition is the engine of economic development — an engine that will be fine-tuned

and upgraded by monetary union. A long with greater price transparency, the disappearance of exchange-rate risks and related transaction costs will encourage trade between the member states and thus foster European integration.

We are already on the way to having European — instead of national — markets for cars, computers and candy. But in many markets prices still vary considerably. To the extent that exchange-rate uncertainties have spurred price differences, the euro will be a boon.

In the past, export-dependent countries were particularly hard hit by the shock of repeated revaluations. The early '90s provide a good example. The rise in German interest rates in the wake of the country's unification pushed the Deutsche mark up to record levels, and thousands of employees lost their jobs. This risk will vanish with monetary union.

Moreover, the single currency will make it easier for consumers to compare prices. This will benefit not only those who live in border areas. Thanks to the Internet, consumers throughout Europe stand to gain. However, prices are unlikely to become entirely uniform, since differences in transport costs and preferences will remain.

While the euro will brighten the medium-term outlook for growth, it will not automatically reduce unemployment. In fact, initially, monetary union may bring a slight increase in the number of people out of work as companies rationalize to become more competitive.

And demand may be depressed if the European central bank raises interest rates to build a reputation for being tough on inflation. However, any Euroskeptic who uses this to argue against monetary union cannot warn of a soft euro in the same breath.

There were transfer payments within the EU — consider the agricultural, regional and structural funds — long before the coming introduction of the single currency. Their volume is much lower than equivalent transfers in individual countries. If, in euro-land, a country lives beyond its means and runs up excessive public deficits, the stability pact will force it to enact more reasonable economic policies. The

Maastricht treaty's "no bail-out" stipulation makes clear that overspenders have no legal right to assistance from other single-currency countries.

The view that the euro will increase Europe's international standing, and that opportunities are far greater than risks, is evidently shared by the financial markets. As the launching date nears, they are very calm. There has been no capital flight out of Europe, and a higher-risk premium has not been demanded — on the contrary.

The proof is in the pudding as evidenced by the financial markets' judgment, rather than in the exaggerated scenarios presented by skeptics.

The monetary union project has, besides the economic aspect, a political dimension. Economic cooperation may become the main pacemaker for the political process. The result may be a euro that will genuinely compete with the dollar as a reserve currency, and a united Europe that could, in a few decades' time, develop into more than just a junior partner for the United States.

The writer is managing director of Deutsche Bank Research and chief economist of the Deutsche Bank Group. He contributed this comment to Newsweek.

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## Europe Is Diverse and Unreformed

SO NOW we are to have the euro, and euro-phoria has struck. Stock markets in Europe are outpacing even the heady American exchanges. But the designers of monetary union have not accounted for the fact that economies diverge.

America has had a national fiscal and monetary policy for a very long time, and yet in just the last two decades virtually every region has diverged wildly in economic performance at some point.

The United States has addressed those problems in a variety of ways. Two of the most effective are labor migration and automatic stabilizers (lower federal taxes and higher spending). But Europeans move only one-third as often within their own countries, let alone across borders, as Americans do. And because its spending is limited to 2 percent of Europe's GDP, the EU can afford little pain relief.

In a system of flexible exchange rates, changes in the rate can help compensate for a country's loss of competitiveness. When currencies are inextricably linked, the adjustments occur in extremely unpleasant ways, such as rising unemployment.

Paradoxically, the euro will encourage regional economic specialization, thereby increasing the likelihood of localized economic shocks and attendant political pressure.

Participants in the single currency are committed to observing the Maastricht criteria, but European governments will retain control over tax, spending and many other policies. Look at the games that almost every would-be euro participant has already played just to qualify, and it is not hard to imagine the future.

For the present, the euro has distracted Europe from the fundamental job at hand, which is to restructure its economies.

Recent whiffs of a cyclical economic recovery may delay the need to grapple with the fallout from the euro, but make no mistake: A reckoning with the need to match monetary integration with far broader economic and political integration is coming.

A truly integrated Europe would hold great promise. Unfortunately, the process of integration and reform has only just begun.

—Steven L. Rotner, deputy chief executive of Lazard Freres, commenting in Newsweek.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1898: Spanish Disquiet

MADRID — It is difficult to describe the state of the public mind here to-day (April 27) without being paradoxical. Everyone believes that the Spanish and American fleets in Far Eastern waters are just on the eve of engaging in what will be the first battle of the war. People are consequently possessed by a feeling of disquiet confidence. Disquietude is shown in the eagerness with which all details of the strengths of the respective squadrons are discussed; confidence by the knowledge that the Spanish forces will move heaven and earth to win the victory.

### 1923: Not Babe's Baby

NEW YORK — Following the report of the finding of a witness to controvert her story that Babe Ruth is the father of her unborn child, Miss Dolores Dixon here has withdrawn her suit of

\$50,000 against the King of Swat. She made the charges and filed the suit a little more than a month ago, but Babe denied ever having known the girl, who is nineteen years old. Ruth's attorney says he has obtained a statement from Miss Dixon that her charges were false and will present it to the District Attorney for action by that official.

### 1948: Iraklis Massing

BAGDAD — A highly informed source said tonight (April 27) that about 2,000 Iraqi troops with complete mechanized equipment, including tanks and artillery, have gone to Transjordan for the invasion of Palestine. Iraqi officials are keeping D-Day for the Palestinian invasion a tightly guarded secret, but some time in mid-May is generally accepted, since the British mandate will end then. Certain quarters feel the date might be advanced.

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OPINION/LETTERS

# It's Time for Americans To Stop Crying 'Racism'

By Laurence D. Cohen

HARTFORD, Connecticut — To theorize that America is inherently racist may be fashionable among university scholars who revel in victimhood, but the shabby generalization does no favors to those of us who value clarity and logic and common sense.

To toss around the term "racism" as a description for a nation (or for the white majority within the nation) represents shabby scholarship, sloppy vocabulary and a thesis that depends on anecdotes for evidence.

Is the white migration to the suburbs racist? Blacks are moving to the suburbs at an even faster rate. Is opposition to racial quotas racism? A growing number of blacks view arbitrary quotas as an assault on their own talent and skills. Is every white cop who smacks around a black citizen a racist? What do we call it when a French Canadian who gets hostile on a Saturday night?

"Racism" brings with it all sorts of ideological baggage and a hodgepodge of speculation about human interaction that can find safe haven only in the friendly confines of university black studies or sociology departments.

Is there value to recognizing and studying the friction (real and imagined) between black and white in America? Of course there is. But to be consumed by it, to amplify every racial slight, distract minorities from the sad reality that lousy public schools, destructive welfare programs and dismal public housing are products of their friends, not their enemies.

To mull why the French abuse the Algerians, to study the historic inequities between the elite and the lower classes in England, to consider the nature of the tribal warfare with which Africa has been afflicted, to make sense of whatever curse afflicted the Turks and Armenians: These and dozens of other examples of social, economic and political discord are as interesting and angst-ridden as white-black friction in America.

Virtually every religious and ethnic minority in America has a sad tale to tell on the way to the great melting pot (a much-scooped metaphor today despite the fact that most Americans, and immigrants to America, embrace it still).

Do blacks have a special claim on the national conscience? They were enslaved; freed; limited in that freedom; lynched, burned and bombed; discouraged from exercising their franchise, and run away from even as integration became the law of the land. It is a history lesson that is important to learn.

But at what point do the victims fall victim to history? To be sure, it is the conceit of the self-satisfied to suggest that blacks "get over it" and move on. That said, the culture of America today screams out at us all to get over it (whatever indignity "it" may be) and move on, with the freedom to prosper, whether or not we are loved.

With the most outrageous legislative abuses to which blacks were subjected now relegated to documentaries about Martin Luther King Jr., blacks now are liberated by a culture that responds to financial reward and that is suspicious of government social engineering.

The economist Jeremy Bentham, an odd duck of a philosopher of the late 18th and early 19th centuries, had an interesting notion about human relations that deserves to be heard in our era of suspicion. "If we would understand one another, we must make use of some common measure."

"The only common measure the nature of things affords is money. ... Those who are not satisfied with the accuracy of this instrument must find out some other that shall be more accurate."

What do the Census Bureau numbers suggest? A job, a marriage, then children: That is the surest road to prosperity, to the American mainstream, whether or not you are ever invited to join the country club, whether or not you are black or white, whether we are color-blind or merely color-polite.

The American incentives to succeed — color them green, not white — are more persuasive as societal signposts than any lingering examples of racial discord.

Is America a racist nation? No, America is a nation of individuals with the general good sense and liberty to be productive without the distraction of race-baiting.

Racism is a footnote in the American annual report. To acknowledge it is appropriate; to put it on the front cover distorts the truth.

The Hartford Courant.

## Scoop! Times Editors Say Clinton Sex Life Is News

By Richard Reeves

NEW YORK — One of the most interesting magazines in this media-driven city is available to a small but select readership: employees of The New York Times. For 45 years, beginning as a mimeographed sheet, Times Talk has recorded the lives, promotions, retire-

### MEANWHILE

ments and deaths of the men and women of the good gray lady of West 43d Street.

When I was there, Times Talk specialized in reporters' accounts of "How I got that story," from the 1950s tale of finding an officially "dead" Cuban rebel named Fidel Castro in the mountains to discovering that a leading member of the American Nazi Party and the Ku Klux Klan was, in fact, Jewish.

The ones I remember best were by two reporters covering the world before my time. The great Homer Bigart recounted his efforts to meet an African king fighting colonialism, a monarch who rallied great crowds with a rather mysterious fellow at his side wearing a tiger skin.

"Who's that?" asked Mr. Bigart. Someone said: "He is a very important man. He is the stranger," for The New York Times.

The second account was by Paul Hoffman, a reporter who seemed to speak all languages and know all countries. He lazily

told the tale of lying on a bed in the middle of the hottest of Asian days watching a minimally efficient hotel air conditioner slice up small lizards and eject the slices until each of the reptiles was reassembled at his feet.

Those were the days. Now air conditioners are better and journalism has become too important to be left to journalists. A new editor of Times Talk, Eden Ross Lipson, has turned the journal into a slicker product that deals with the professional and ethical issues of the information age.

The current issue, for example, includes an interesting conversation among Times editors discussing coverage of President Bill Clinton's "private" life under the headline "School for Scandal."

The participants included Gail Collins of the editorial board; Dean Baquet, national editor; Jill Abramson, Washington editor; and Martin Nisenholtz and Bernard Gwertzman, the men who direct electronic coverage and the paper's Web site.

Their first conclusion would probably shock many readers and a lot of reporters, too: The Times gave too little rather than too much coverage of President Clinton's adventures with women over the years.

Said Mr. Baquet: "I would argue that the mainstream press should have done more with [the Jennifer Flowers story] back in 1992."



His point, of course, was that the great and good papers played down Ms. Flowers' allegations of sex with the candidate because she was paid to tell the story in supermarket tabloids and ... well, it was just so dirty.

But there seemed to be no doubt among these Times men and women that the presidency and the nation might have been better served if the big-time press had investigated the charges before Mr. Clinton was elected rather than after he was in office and other women began to appear with crude but similar accounts.

Remember, these are the professional descendants of the men who concluded, as did President John F. Kennedy, that the United States would have been better off if The Times had published what

it knew about the Bay of Pigs invasion in 1961 before that fiasco rather than after — because publication would almost certainly have prevented the national humiliation on Cuban beaches.

They all agreed, too, that if the Internet had existed six years ago, the press would have investigated the Flowers story much further, if for no other reason than that now there are more people who call themselves press.

You do not have to be the editor of The New York Times to figure out what that means: If you yearn to be a public figure, forget privacy; every detail of your life will become public property — even in the old gray lady.

At the end of the conversation, Ms. Abramson said this: "What fundamentally bothers me about this story, though it's been great for business, is the conventional wisdom — why the public hates the story and hates us. I think the public image is that we were thrilled to do stories about the president's sex life. And that we will ever continue to be thrilled and titillated ..."

That is not true, she said, and I know she is right. We journalists feel the president took us down with him, and we do not know what to do about it. Even at the best papers now, sleaze is a beat. You don't like that? Neither do we, but if we ignore it, next time you will hold us in contempt for covering it up.

Universal Press Syndicate.

## LETTERS TO THE EDITOR

### African Peacekeeping

Regarding "U.S. and France Explore the Growing Political Role of Peacekeeping" (April 21):

The author is generous to a fault in describing France's intervention in Rwanda as having "backfired." Credible reports suggest that France used Operation Turquoise not so much as a shield behind which to provide humanitarian aid but rather as a cloak under which to rearm the retreating Hutu army and militia and to provide them a safe haven to re-

group across the border in then-Zaire.

Moreover, the "international intervention last year in eastern Zaire" didn't backfire — it didn't happen. That mission, authorized in November 1996, never materialized because the UN Security Council decided the impending humanitarian crisis had been "averted" with the unplanned mass repatriation of Rwandan refugees.

Never mind what happened to the tens of thousands of Rwandan refugees who headed farther west into the jungles of Zaire, whose

fates remain unknown because Laurent Kabila successfully foiled the UN team sent to investigate reported massacres.

The writer perceptively alludes to Bill Clinton's success in countering congressional hostility to the recently created UN peacekeeping operation in the Central African Republic, but he is too sanguine about how the force's creation exemplifies the budding U.S.-French partnership.

France's decision to withdraw most of its troops from the existing African multinational force

well before a UN peacekeeping operation could assume France's responsibilities hastened UN authorization of the new body.

However, France did not act in concert with the United States. Moreover, its decision did not serve the interests of the Central African Republic, Africa or the international community.

Finally, the number of UN peacekeepers is closer to 13,000, not 30,000.

ERIC G. BERMAN  
and KATIE E. SAMS,  
Geneva.

The authors, visiting researchers at the UN Institute for Disarmament Research in Geneva and at the Institute for Security Studies in Pretoria, are writing a book about peacekeeping in Africa.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

## BOOKS

### THE MEADOWLANDS: Wilderness Adventures at the Edge of a City

By Robert Sullivan. 220 pages. \$23. Scribner.

Reviewed by Jonathan Yardley

THE train trip from Washington to New York is filled with sights, most of which most passengers go to considerable lengths not to see. The trackside slums of Baltimore are soon enough displaced by lovely views of the Bush and Susquehanna rivers, but then there are the dirty outskirts of Wilmington, hard on the heels of which is the endless industrial waste of Philadelphia. Near journey's end there's the glorious Manhattan skyline, but it must be viewed across the Meadowlands, surely the most ill-named place on the planet.

For a time "the largest garbage dump in the world," the Meadowlands, Robert Sullivan writes, is "a thirty-two-square-mile wilderness, part natural, part industrial, that is five miles from the Empire State Building and a little bit bigger than Manhattan," a "place that the forces of progress have perennially targeted but have never managed to completely control, a place that people rush past on their way to the rest of America, a place they spit at with their exhaust pipes."

Sullivan, who lived in New York for a while and then moved away, is a Meadowlands junkie. It is an addiction that, even in this addiction-happy culture, must be so rare as to be clinically undetectable. He loves to hike its hills of rock and trash, canoe its reedy and oily waters, dig for buried treasure in its legendary pirate caches as well as its innumerable landfills. In the course of this activity he has learned "a lot about what happens inside old mountains of trash, about all of the inventions that were invented in the Meadowlands, about a great mosquito trapper, about people who enjoy spending as much time in the Meadowlands as possible, about a lot of old crimes."

He has brought much of this knowledge together in this small and mosily engaging book. Mosily, that is, because Sullivan assumes the tone of determined chatininess that was once the New Yorker's stock in trade and because — as in that "spit with their exhaust pipes" — he is from time to time given to excesses. But he is an informed and congenial tour guide; since hardly a soul reading this review is ever likely to give a moment's thought to making the tour in person, this book is clearly the way to go.

The Meadowlands evolved over many millennia from "a giant glacial lake" into "a swamp and then a bog, lake," into "a saltwater marsh, and then, in some places, a kind of combination of all three." Humans have used it primarily as a dumping place, for oyster shells at first and then, as the species became more sophisticated, for human and in-more sophisticated, for human and industrial slag of an infinitely more toxic nature. Trash dumping is no longer permitted there, but the immense "garbage hills" are everywhere, seemingly inert

but alive with "billions of microscopic organisms thriving underground in dark, oxygen-free communities."

The Meadowlands have also been prime dumping grounds over the years for human beings who suddenly become inessential. "Stories of bodies being dumped in the meadows date back to the time of the Revolutionary War," Sullivan writes, the most notorious — though his presence there is rumor and nothing else — being Jimmy Hoffa: "If the Meadowlands were a nation, the Hoffa story would be its great national epic, a mob-related Nibelungenlied, with poetic stanzas memorializing various dumps and the Giants end zone."

Sullivan goes off on his own mock-epic search for Hoffa's final resting place, but fails to come close.

He also, with an intrepid friend, takes a canoe trip across the full breadth of the

Meadowlands: "The very idea of being in a canoe in the waters off the New Jersey Turnpike was viscerally thrilling, but this thrill was counterbalanced by a gnawing consideration of the toxicity of the environment," a sentiment no doubt familiar to anyone who dived into the Cleveland waterfront a couple of decades ago. The trip proves uneventful but interesting.

Other business conducted here includes a hunt (unsuccessful) for pirate treasure and another (apparently successful) for buried relics of the late, great Pennsylvania Station, said to have been deposited in the meadows after its demolition three decades ago.

None of this amounts to much more than Humphrey Bogart's hill of beans — or, in this case, hill of garbage — but it is pleasant and informative reading.

Washington Post Service

## CHESS

By Robert Byrne

LARRY CHRISTIANSEN of Boston won a critical game against Danish Grandmaster Curt Hansen in the seventh round of the Visa Nordic Grand Prix in Reykjavik, Iceland. Christiansen pursued an opening style that is all the mode nowadays after having been ignored as offbeat for many years.

The Rossolimo Variation, 3 Bb5, is a quiet, positional treatment of the Sicilian Defense. A basic theme, if Black plays 3...Nc6, is to create doubled pawns with 4 Bc6 and aim to brand pawn as a serious weakness. Against the careful 3...Bd7, the plan, after 4 Bd7 Qd7, is for White to slowly set up a strong center. Last year this earned a rush of popularity that is continuing.

Once White has his pawns in place, following 10 cd, Black hopes to counterstrike quickly with 10...d5 11 e5 Ne4, jamming the center.

White cannot afford to let Black cement his powerful knight with 13...f5, but must break things open with 14 ef. Through 14...Nd2 15 Ne5! Ne5 16 de ef 16...Bb6? 17 e6 Qd6 18 f7 Rf7 19 ef Kf7 20 Bc1 will win a piece), the play was copying a Peter Leko-Judit Polgar encounter last year in Tilburg, the Netherlands, but instead of the bumdrum 17 Qd2, Christiansen introduced a post-

SICILIAN DEFENSE			
White	Black	White	Black
Chr/Fen	Hansen	Chr/Fen	Hansen
1 e4	c5	18 Qd2	Rf8
2 Nf3	d6	19 Qe3	a5
3 Bb5	Bd7	20 Rad1	Re7
4 Bd7	Qd7	21 Bd4	Rc8
5 0-0	Nc6	22 Re2	Rc6
6 b3	Nb6	23 Rdcl	1
7 Re1	g6	24 Bg7	Kg7
8 c3	Bg7	25 Qd4	Ng8
9 d4	cd	26 b4	h6
10 cd	de	27 Re5	Qb4
11 e5	Ne4	28 Qd5	Rd6
12 Bb2	0-0	29 Qa5	Qb4
13 Nb2	f5	30 Rh5	Kg7
14 ef	Nd2	31 Rf5	Ree6
15 Ne5	Ne5	32 Re6	Re6
16 de	ef	33 Qc3	Kh7
17 e6	Qd6	34 Rf7	Kb6
		35 Qh5	Resigns

game suggestion by Leko, 17 e6! Qd6 18 Qd2 Rf8 19 Qe3, to give White the upper hand.

After 23 Rde1, the features of the position were sharply etched: The advanced passed e6 pawn was a perpetual threat to march to the queening square provided the blockader at e7 could be uprooted. If Hansen could keep it under lock and key, however, it could turn out to be a weakness.

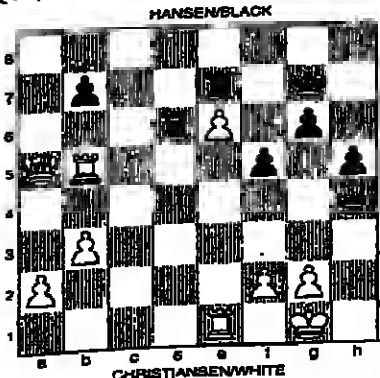
The immediate problem was that Christiansen threatened 24 g4!, 25 f4 and 26 f5. Thus, Hansen had to open himself up with 23...f5.

After 26 b4!, Christiansen threatened 27 h5! and 28! Qf6, thus forcing 26...h5.

Hansen should have answered 27 Re5 by 27...Rc5, when it would have been up to Christiansen to find a winning plan. Instead, 27...Qb4? just threw away a pawn.

Hansen's 30...Kg7? was a second error, exploited at once by Christiansen's smashing 31 Rf5!, the main point being that 31...ef 32 Qe5 Qf6 33 Qd6 puts Black two pawns down and suffering from an exposed king position.

After 31...Re6 32 Re6 Re6, Christiansen put the game away by 33 Qc3 Kh7 34 Rf7 Kh6 35 Qh8. If 35...Kg5, then 36 Qd8 Kg4 37 f3 Kg3 38 Qc7 forces mate. Hansen gave up.



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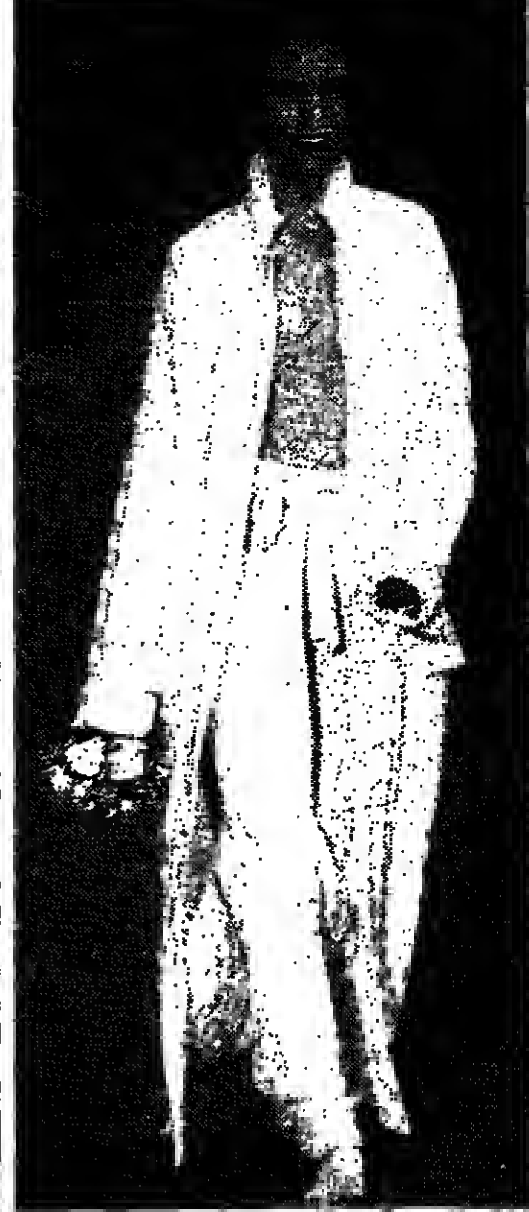
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# Sonia Rykiel: Still Whipping Up the Cultural Broth



Sonia Rykiel at the Café Flore in Saint-Germain-des-Près; layered checks from the 1960s; tight-fitting sweaters from 1972 (top) and a slogan from 1990; knitted coat, bra and jogging pants from the 30th anniversary collection.

Suzy Menkes  
International Herald Tribune

PARIS — May 1968. The French students were rebelling, the paving stones were uprooted and a young woman with flame-red hair was at the heart of a dramatic revolution. A fashion revolution.

Next month marks the 30th anniversary of the student riots in Paris, and, not quite coincidentally, of the boutique Sonia Rykiel opened on the Left Bank with "three sweaters and books in the window."

Although the turbulent events forced her to close temporarily, Rykiel captured in her "poor boy" sweaters — sugared over bra-less bosoms above narrow, androgynous hips — the spirit of changing times. The cultural and sexual upheaval expressed in the youthquake and in fashion's "new wave" has proved to be more profound and enduring than the political changes.

The Sixties, as France's baby-boom generation is known, may have been absorbed into the bourgeoisie. Yet women who had a taste of fashion freedom never went back to their mother's polite, constricting clothes.

"It was a revolution," says Rykiel, referring to her supple jersey suits, easy pants and dresses where the hems were eliminated and seams were sewn on the outside. Dressing women night and day in knits, worn with a seductive insouciance, was a break with the traditionally feminine. These were clothes for the new woman.

But in a typical "Rykiel-ism," the designer says that she saw pants as representing equality — "not with men, but with women who have good legs."

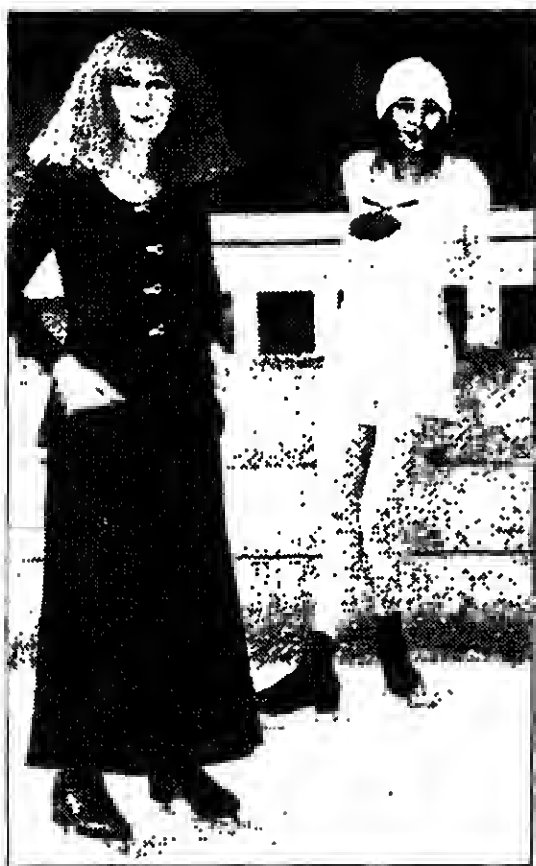
"I never played a part in the feminist movement — it touches me, but I am not

a militant," she says. "To me, the biggest revolution of the 20th century was the pill. I think of my mother. How did they manage to live a sexual life that is as much part of a woman's life as books, cooking and children? The pill was the liberation of the spirit of women."

Rykiel — tossing her red hair above a sinuous black coat, walking in that precise French way on platform-soled shoes, toting a roomy bag — could claim, even as a sixty-something grandmother, to be the spirit of Saint-Germain-des-Près. Although her fellow designer Yves Saint Laurent purloined the name "Rive Gauche" (Left Bank) for his ready-to-wear collections, Rykiel incarnates the stylish, intellectual Bohemian who is the mythical inhabitant of the Café Flore. She's the one with a cup of coffee in hand, cigarette smoke curling, a book on the table and a rumpled, earnest young man at her side.

"Artifice is art," Rykiel proclaims, making it sound like a manifesto, but referring to her dislike of "the natural look" and her passion for sophisticated dressing. She likes black, existentialist black, as a canvas for slogans picked out in rhinestones on sweater fronts or waist-cinching belts.

Ninety thousand of those sweaters were sold in 1997, some plain, others with the signature messages. They have read "V.I.P." or "Artist" or "Paris" or "Black Is Beautiful" because Rykiel's "intellectual and cerebral" side demanded that the "body should speak." Even before she published her



Sonia Rykiel on ice skates in the 1960s.

first book "E Je La Voudrais Nue" ("I Would Like Her Naked") in 1979, Rykiel would read out her poems as the soundtrack to her shows.

"I feel more like a novelist than a fashion designer, someone who writes a new chapter each season, including everything I see around me," she says.

Born the eldest of five high-achieving daughters of a Russian Jewish family implanted in the French middle class, Rykiel's life represents a 20th century woman's odyssey.

As a mother of two small children, her son handicapped by blindness, she turned her hand to designing in her husband's clothing business. The Left Bank boutique was born of her divorce and the need to make a life of her own. Consecrated as an international designer in the 1970s when the American press dubbed her "Queen of Knits" and "Coco Rykiel," comparing her to Chanel, Rykiel built up a business that includes clothes, accessories, menswear and fragrance. (The latest perfume bottle is shaped like her signature tiny sweater.)

Thirty years on, she heads a family empire with an annual income in 1997 of 450 million francs (\$75 million). She works in close collaboration with her daughter, Nathalie, who directs the image of the house, and with her son-in-law as business manager. One of her sisters works on the accessories.

She pays tribute to this family support: "I don't know if I would still be here, if they weren't here."

Nathalie Rykiel, who started her career in film and savored the depiction of her mother in Robert Altman's fashion movie "Pret a Porter," says that her work is complementary to Rykiel's.

"I don't draw. I don't want to design. If I was a frustrated creator, I would be unhappy," she says.

Rykiel says that she respects her daughter "as a woman for what she does, she is very intelligent and that is fabulous." As well as defining Rykiel for a new generation, Nathalie has contributed three daughters to the "tribe of women," two of whom have already been down the runway.

In 30 years, hasn't Rykiel ever had bad patches and longed to escape from a profession that demands a new proof of creativity every six months?

"I don't as much today as I did 30 years ago," she says. "What pushes me forward is everything I have learned: political, social, cultural. I put all that into the clothes. Fashion should be a kind of *bouillon de culture* [a cultural broth]. To be modern is to be aware of what is going on."

She admits that it is difficult to accept the physical aging process, when "the spirit is enriched, but the body is destroyed." It is inevitable that her signature look sometimes slips out of fashion, and that she should have moments of depression and anxiety.

Rykiel ascribes her sense of the dramatic to her "Slav" side and to the fact that she was marked from childhood by the distinctive red hair that she celebrates as something "triumphant and glorious."

In the collections, the Rykiel woman seems eternally youthful and coquettish. The anniversary show last month, held in the ultra-modern Bibliothèque Nationale featured models looking quizzically French, with bras peeking from mannish plaid pants suits or feet cocooned in fur-trimmed mules. Rykiel calls it the "quirky" spirit she injects into her classics.

What do the events of May 1968 mean to her?

She describes 1968 not as a political revolution, but as a student uprising due to a need for a new generation to have a voice. What was supposed to be a "mighty battle" was actually "quite folkloric" and more about "existentialist" angst than real issues.

Outside the Saint-Germain boutique, where the paving stones are now as flat and smooth as the plate glass store windows, a crowd has gathered to look at the 30-year display of magazine covers telling the Rykiel story. "Happy Birthday," in a version played by her musician son, Jean-Philippe, echoes down the block.

Rykiel tilts her red head in profile.

"I wrote the story of women across the world," she says. "We all have the same needs and desires, the demands of work and family life. The Rykiel woman? She always has a bag on her shoulders so that she can stride forward — with a child in each hand."



Frankie Dettori, image of YSL.

## Jockey Adopts New Colors

LONDON — He made history when he won all seven horse races in a single day at Ascot in 1996. And now Frankie Dettori, 26, is under new colors.

The Italian-born jockey, who is king of British flat racing, has been signed up by Yves Saint Laurent Pour Hommes, the licensed line. His ebullient personality and the energy with which he flings himself off a winning mount, will now be used by the French house, whose male fashion image is increasingly young and hip.

The designer Hedi Slimane says Dettori is "representative of a masculine universe." But there are, as yet, no plans for him to canter down the runway.

— Suzy Menkes

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"ALHAMBRA" Collection

**Van Cleef & Arpels**

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CANNES MONTE-CARLO LONDRES BRUXELLES NEW YORK PHILADELPHIA BEVERLY HILLS HONOLULU  
ATLANTA KOWTSE SOUL PUSAN TAIPEI OSAKA HONGKONG

Taylor's Cleopatra shoe.

**Shoes Make The Movie**

PARIS — If you want to study the high water marks on Leonardo DiCaprio's hoots, assess the size of Liz Taylor's feet by her gilded "Cleopatra" sandals or gaze at Madonna's shoes for "Evita," a new exhibition propels you feet first toward the silver screen.

The Left Bank store Bon Marche is staging "Chausures et Cinéma" (shoes and the movies until 23 May).

The fascinating collection of cinematic footwear on loan from a museum in Romans, France, includes Anita Ekberg's pumps from "La Dolce Vita" and Jane Fonda's space-age "Barbarella" boots. — Suzy Menkes

**CROSSWORD**

ACROSS

- 1 Vatican City, to Rome, e.g.
- 3 "That's disgusting!"
- 11 "You kidding?"
- 14 Not as robust
- 15 Sib for a sis
- 16 Delusions or Howard
- 17 Discussed
- 18 Something to chew
- 20 Prefix with liter
- 21 Yucatan "yay!"
- 22 "Elder" or "Younger" Roman
- 23 Juliette Gordon Low, notably
- 27 Treaty of Nanking port
- 28 The Sierras, e.g. Abso.
- 29 Good buddies on the road
- 30 Part of a dehumidifier
- 31 Forbidden fruit
- 33 — Pointe, Mich.
- 34 Theme of this puzzle, seen seven times in the grid
- 36 Numbered gas rating
- 38 Wacko
- 40 Easy mark
- 43 French port
- 44 Opposite of "left"
- 45 18-wheeler
- 46 From Ho Chi Minh City
- 49 Buttonlike?
- 51 "The fields we go..."
- 52 Reached term
- 53 W.V. II zone
- 54 Astonished
- 55 "Smoking or —?"
- 56 Real cold
- 59 Dunk
- 61 Nav. rank
- 62 "Turn right"
- 63 Purse items
- 64 Dish for Oliver Twist
- 65 Very popular
- 66 Skee-Ball and Pac-Man centers
- 67 Hollowing tools
- 68 Add one's support to
- 69 Lappel adomment
- 70 Henry — Lodge
- 71 Interstice
- 72 "Hallelujah, —" (1928 hit)
- 73 Prefix with science
- 74 Tan colors
- 75 Beethoven's "Choral" Symphony, with the
- 76 "Intimations of Immortality," e.g.
- 77 Understood
- 78 Too big a hurry
- 79 Burst of wind
- 80 Bluer than blue
- 81 Caesar salad topper
- 82 Old Germans
- 83 Transparent, modern-style
- 84 Some radios
- 85 Cobble
- 86 Color fabric
- 87 Hts. old-style
- 88 Alto or tenor
- 89 Grammy winner
- 90 Judd
- 91 Grads
- 92 Rug on the noggin
- 93 Cambridge sch.
- 94 WNW's reverse
- 97 — Momes

DOWN

- 1 Newt
- 2 Second Amendment lobby, for short
- 4 Where witches brew
- 6 Probable
- 8 Smart (wise-crackers)
- 9 Of Hindu scripture
- 7 Victorian, for one
- 8 Heavy steel holders

Solution to Puzzle of April 27

RUSH BRIM CLEFT  
AINTA EASE RATER  
PAIN ASIS ITALY  
THROUGH THE MILK  
TILE DEN  
FOA HERALDS AIT  
LUNGE DOI AGREE  
UNDER THE WEATHER  
TEAM HOP TEENS  
ESS CONTEST DOE  
FOR THIS  
AROUND THE CLOCK  
CLEAR ERIE TRAIN  
BOILS PICT CARE  
SENSE TOISS ELISE

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## ABC's 'Titanic' Has Fox Studio Rights

By Bill Carter

ABC's "Titanic" has Fox Studio Rights. The network has sold the rights to the 1998 film "Titanic" to Fox Studios. The film is being produced by James Cameron and is set to be released in December 1998. Fox Studios has acquired the rights to the film, which is being produced by James Cameron and is set to be released in December 1998.

## Specter in Euro

By Bill Carter

PARIS — The European Central Bank is expected to announce a new policy on interest rates. The bank is expected to announce a new policy on interest rates. The bank is expected to announce a new policy on interest rates.

## Long Ahead / Comment

## 'One-Time' C

PARIS — The European Central Bank is expected to announce a new policy on interest rates. The bank is expected to announce a new policy on interest rates. The bank is expected to announce a new policy on interest rates.

## CURRENCY &

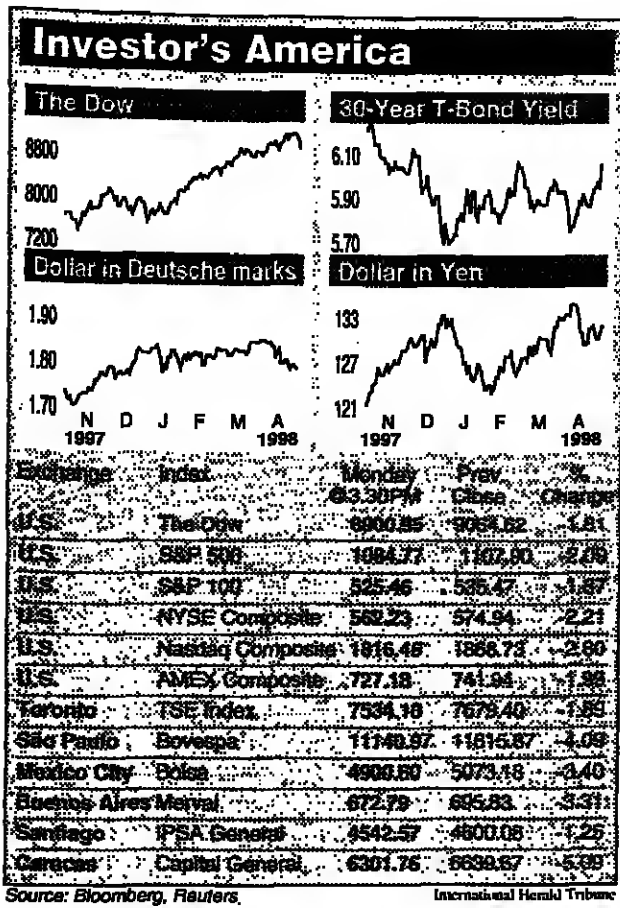
Currency	Rate
US Dollar	1.36
British Pound	1.65
Japanese Yen	163.50
Swiss Franc	1.48
German Mark	1.36
French Franc	6.55
Italian Lira	2036.27
Spanish Peseta	166.64
Portuguese Escudo	200.48
Greek Drachma	340.75
Irish Punt	7.87
Dutch Guilder	3.60
Austrian Schilling	13.76
Belgian Franc	6.55
Spanish Peseta	166.64
Portuguese Escudo	200.48
Greek Drachma	340.75
Irish Punt	7.87
Dutch Guilder	3.60
Austrian Schilling	13.76
Belgian Franc	6.55







THE AMERICAS



Very briefly:

- Lucent Technologies Inc. is acquiring Yurie Systems Inc. for \$1 billion, or \$35 a share. Lucent, formerly part of AT&T Corp., makes equipment and software used in phone networks; Yurie makes devices used to transmit data, voice and video over the Internet. The deal is expected to help Lucent offer sophisticated services to businesses using the Internet.
- Compaq Computer Corp. bought a minority stake in Inet Corp., a closely held company based in Toronto that provides Internet commerce software for small and medium-sized businesses, for an undisclosed price. Compaq had already agreed to provide Inet products to small-business customers.
- Oxford Health Plans Inc. posted a first-quarter loss of \$45.3 million, including a one-time charge of \$16.3 million, countering a profit of \$34.4 million a year earlier. Revenue rose 22 percent, to \$1.2 billion, as enrollment rose 21 percent, to 2.1 million members.
- Dell Computer Corp. expects to make more than half of its sales through the Internet in the next few years, the computer maker's chairman, Michael Dell, said. He said Internet sales were averaging \$5 million a day, compared with \$1 million a year ago.

Weekend Box Office

- LOS ANGELES — "The Big Hit" dominated the U.S. box office over the weekend, with a gross of \$11 million.
- Following are the Top 10 money-makers, based on estimates for Friday through Sunday.
1. The Big Hit (TriStar) \$11 million
  2. City of Angels (Warner Bros.) \$9 million
  3. The Object of My Affection (New Line Cinema) \$5 million
  4. Titanic (New Line Cinema) \$4.4 million
  5. Lord of the Rings (DreamWorks) \$4.2 million
  6. The Matrix (Paramount) \$3.5 million
  7. The Player (New Line Cinema) \$3.2 million
  8. The Player (New Line Cinema) \$2.1 million
  9. The Player (New Line Cinema) \$2.1 million
  10. The Player (New Line Cinema) \$1.8 million

Talk of Interest-Rate Rise Weighs on Dollar

NEW YORK — The dollar fell sharply Monday against most other major currencies, following U.S. stock and bond prices lower, amid speculation the Federal Reserve Board might raise interest rates.

Dealers said the talk of a U.S. rate increase had divided the market between those saying the dollar should benefit from a higher yield and those fearing heavy losses on Wall Street.

"Talk of U.S. higher rates presented the market with a double-edged sword," said Hugh Walsh, a trader at Commerzbank in New York.

"When you think of the interest-rate differential, you want to buy, but when you see the equity market plunging, you want to sell. I believe that when all is said and done, the dollar will go up."

The dollar, meanwhile, rose against the yen as investors sold Japanese stocks on concern that the government's \$125 billion economic stimulus package — its biggest ever — would not lift the country from its economic slump.

"Japan's economic package is not enough" to bolster and sustain growth, said Alan Resnick, treasurer at Bausch & Lomb Inc. "That's going to be a gray cloud over the Japanese equity market and the currency market."

In late trading, the dollar rose to 132.225 yen from 131.245 yen Friday. But it was at 1.7877 Deutsche marks, down from 1.7906 DM.

The dollar also fell to 1.4857 Swiss francs from 1.4910 francs and to 5.9849 French francs from 6.0055 francs. The pound climbed to \$1.6743 from \$1.6679.

The yen suffered from market disappointment with Japan's plan, mainly because the government failed to propose permanent tax cuts.

The yen also declined after Kazuo Ueda, a policy board member at the Bank of Japan, said a 5 percent to 10 percent drop in the

yen from current levels would not be a big economic risk. His comments eased concern that the central bank would sell dollars to bolster the yen.

Japan's currency got little support from comments by Eisuke Sakakibara, the deputy finance minister for international affairs, who said that the yen was poised to rise because the spending plan may spur growth.

"Sakakibara still appears to be wearing rose-colored glasses," said Susan Stearns of Bank of Montreal. "There's a consensus building that the yen can weaken from here," she said, and that the dollar "can move higher."

(Bridge News, Bloomberg)

Mellon Board Rejects Offer

PITTSBURGH — Mellon Bank Corp.'s board of directors has backed the company's chairman, Frank Cahoon, by unanimously rejecting an unsolicited \$24 billion takeover bid from Bank of New York.

But Bank of New York executives plan to meet this week with Mellon shareholders, hoping they can persuade the bank to reconsider the bid, a spokesman said Monday.

"We still think we have a compelling proposal," the spokesman, Paul Leyden, said.

But Mellon said Sunday: "The board unanimously determined that a merger of our two organizations would not be in the best interests of Mellon or its shareholders, customers, employees, communities and other constituencies."

In a letter to the chairman of Bank of New York, Thomas Kenly, the Mellon board cited its planned emphasis on asset management and mutual funds, personal trust and consumer financial services.

"While Bank of New York certainly has strengths in its primary businesses," the letter said, "it has neither a significant presence nor a noteworthy record of success" in those areas.

Mellon also objected to Bank of New York's call for \$700 million in cost cuts, including the elimination of 6,000 to 7,000 jobs. Mr. Cahoon said the proposed cost-cutting measures would have a serious impact on Mellon's businesses and shareholders.

Mellon has filed suit to block a takeover deal, contending that Bank of New York has improperly used confidential information it obtained in failed merger talks between the companies last autumn. (AP, Bloomberg)

MARKETS: Fears of an Increase in U.S. Rates Spark a Worldwide Slide

Continued from Page 1

The dominant view in the market is that the package's effect is questionable. Tetsuya Ishijima, chief strategist at Okasan Securities Co. in Tokyo, told Agence France-Presse. "I do not deny the benefit of the one-time tax cut, but you will not see a positive reaction from the market unless the permanent tax cut is clearly mentioned."

Japan also would be affected by an interest-rate increase in the United States, which would put upward pressure on an already strong dollar. This would help Japanese exporters, but an upward move in global interest rates would hit weak economies around Asia.

International considerations are expected to limit any tightening action that the Fed might undertake. Additionally, analysts said, there has not yet been much evidence of inflation in the United States as measured by the consumer and producer-price indexes, so even if the central bankers do raise rates, it would not be by much.

"What we are seeing in the stock and bond markets is a negative reaction to a possibility that they may be tightening 25 basis points," said Carl Bhatena, investment strategist at Everen Securities Corp. in Chicago. That would take the central bank's target on the overnight interbank loan known as federal funds to 5.75 percent from the current 5.50 percent.

Mr. Bhatena said the idea of a

rate increase was worth watching but that he did not think it would ultimately derail the stock market's advance. With U.S. profit margins at a 27-year high of about 8.5 percent at large companies, a quarter-point rate increase "should not materially damage the expansion or corporate profitability," he said, adding "the economic balance remains superb."

The American economy is in its eighth year of expansion. Private economists are predicting growth this year of more than 3 percent, following the 3.8 percent rise in the gross domestic product for 1997. Alan Greenspan, chairman of the Federal Reserve Board, predicted in his semiannual testimony to Congress in February that the economy would grow by 2 percent to 2.75 percent this year.

Supreme Court Rebuffs Kodak

WASHINGTON — Eastman Kodak Co. must pay more than \$35 million to rivals that maintain and repair its copiers after the U.S. Supreme Court left intact Monday an antitrust judgment against the company.

The high court's rejection of Kodak's appeal is the latest setback for that company in an 11-year legal odyssey.

The case now returns to a federal trial judge, who will determine the exact amount of damages Kodak must pay.

In 1995, a jury awarded \$72 million in damages. A federal appeals court last year upheld about half that award and told a trial judge to recalculate the rest. The appeals court also largely upheld an injunction requiring Kodak to make replacement parts available to other service companies.

The fight is over Kodak's reaction to the rise of so-called independent service organizations, which began competing for service contracts on Kodak copiers in the mid-1980s. In 1987, a group of those companies charged Kodak with trying to monopolize the service market by depriving them of access to critical replacement parts.

Monday's Noon  
The 300 most traded stocks of the day.  
The Associated Press.

Stock	High	Low	Open	Close
IBM	125.12	124.87	125.00	124.87
Microsoft	55.12	54.87	55.00	54.87
Apple	45.12	44.87	45.00	44.87
Oracle	35.12	34.87	35.00	34.87
Sun	25.12	24.87	25.00	24.87
HP	15.12	14.87	15.00	14.87
Intel	10.12	10.00	10.00	10.00
Motorola	5.12	5.00	5.00	5.00
Comcast	4.12	4.00	4.00	4.00
Verizon	3.12	3.00	3.00	3.00

AMEX

Stock	High	Low	Open	Close
AMEX	125.12	124.87	125.00	124.87
AMEX	55.12	54.87	55.00	54.87
AMEX	45.12	44.87	45.00	44.87
AMEX	35.12	34.87	35.00	34.87
AMEX	25.12	24.87	25.00	24.87
AMEX	15.12	14.87	15.00	14.87
AMEX	10.12	10.00	10.00	10.00
AMEX	5.12	5.00	5.00	5.00
AMEX	4.12	4.00	4.00	4.00
AMEX	3.12	3.00	3.00	3.00

U.S. STOCK MARKET DIARY

Index	High	Low	Open	Close
Dow Jones	12512	12487	12500	12487
S&P 500	1012	1010	1010	1010
Nasdaq	2512	2500	2500	2500
AMEX	1512	1500	1500	1500
Dow Jones Bond	1012	1010	1010	1010
20 Bonds	1012	1010	1010	1010
10 Industrials	1012	1010	1010	1010

Trading Activity

NYSE	Volume	Value
NYSE	12512	12487
Nasdaq	2512	2500
AMEX	1512	1500
Dow Jones Bond	1012	1010
20 Bonds	1012	1010
10 Industrials	1012	1010

Market Sales

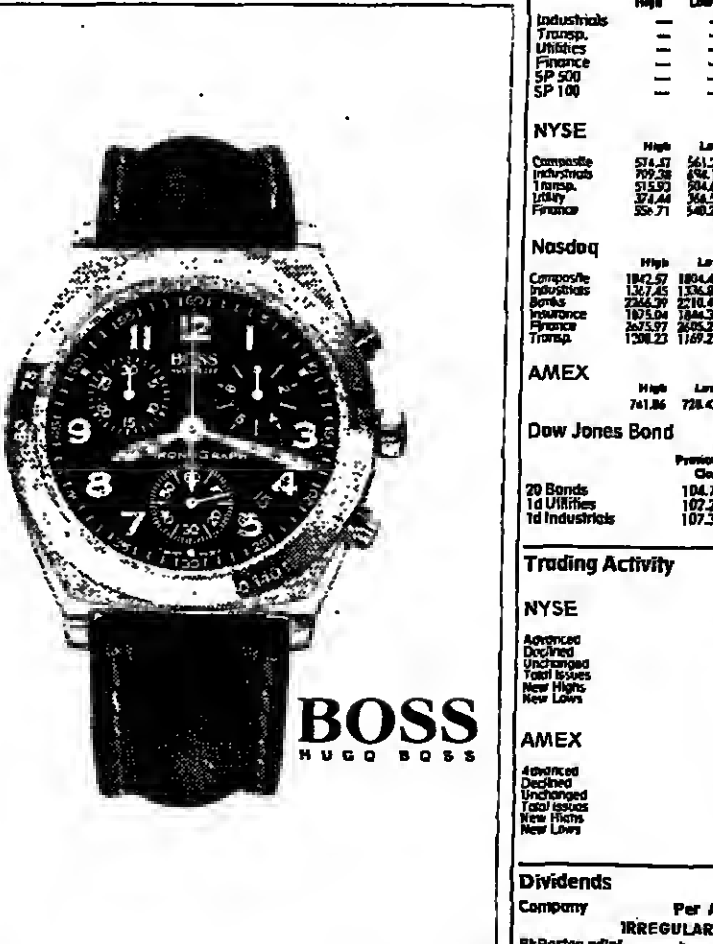
Company	Per Amt	Rec	Comp	Per Amt	Rec	Comp
IBM	12512	12487	12500	12487	12500	12487
Microsoft	5512	5487	5500	5487	5500	5487
Apple	4512	4487	4500	4487	4500	4487
Oracle	3512	3487	3500	3487	3500	3487
Sun	2512	2487	2500	2487	2500	2487
HP	1512	1487	1500	1487	1500	1487
Intel	1012	1000	1000	1000	1000	1000
Motorola	512	500	500	500	500	500
Comcast	412	400	400	400	400	400
Verizon	312	300	300	300	300	300

Dividends

Company	Per Amt	Rec	Comp	Per Amt	Rec	Comp
IBM	12512	12487	12500	12487	12500	12487
Microsoft	5512	5487	5500	5487	5500	5487
Apple	4512	4487	4500	4487	4500	4487
Oracle	3512	3487	3500	3487	3500	3487
Sun	2512	2487	2500	2487	2500	2487
HP	1512	1487	1500	1487	1500	1487
Intel	1012	1000	1000	1000	1000	1000
Motorola	512	500	500	500	500	500
Comcast	412	400	400	400	400	400
Verizon	312	300	300	300	300	300

U.S. Stock Tables Explained

Series figures are unofficial. Yields and prices reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend is shown, the percentage or more has been paid, the years high-low range and dividend are shown for the most recent year. Unless otherwise noted, rates of dividends are annual disbursements as a dividend rate (a) or a dividend rate (b) or a dividend rate (c) or a dividend rate (d) or a dividend rate (e) or a dividend rate (f) or a dividend rate (g) or a dividend rate (h) or a dividend rate (i) or a dividend rate (j) or a dividend rate (k) or a dividend rate (l) or a dividend rate (m) or a dividend rate (n) or a dividend rate (o) or a dividend rate (p) or a dividend rate (q) or a dividend rate (r) or a dividend rate (s) or a dividend rate (t) or a dividend rate (u) or a dividend rate (v) or a dividend rate (w) or a dividend rate (x) or a dividend rate (y) or a dividend rate (z) or a dividend rate (aa) or a dividend rate (ab) or a dividend rate (ac) or a dividend rate (ad) or a dividend rate (ae) or a dividend rate (af) or a dividend rate (ag) or a dividend rate (ah) or a dividend rate (ai) or a dividend rate (aj) or a dividend rate (ak) or a dividend rate (al) or a dividend rate (am) or a dividend rate 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High	Low	Latest	Chge	Stock	Sales	High	Low	Latest	Chge
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
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24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
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24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
24 1/2	24 1/4	24 1/4	-1/4	Aluminum	100	24 1/2	24 1/4	24 1/4	-1/4
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Mellon Board  
Rejects Offer

## Reed to Buy 2 Units of Times Mirror

Completed by Our Staff From Dispatches

AMSTERDAM — Reed Elsevier agreed Monday to buy two legal-publishing businesses from Times Mirror Co. for \$1.65 billion in cash, making the British-Dutch publisher the leading publisher of analytical legal information in the United States.

Reed Elsevier will purchase Matthew Bender & Co. and the half of Shepard's Co. It does not already own as it resumes its expansion in professional journals and other niche markets.

The sale is part of Times Mirror's effort to focus on its newspapers, the largest of which are the Los Angeles Times and Newsday.

Reed Elsevier, having canceled a \$9 billion takeover of Wolters Kluwer NV and sold IPC Magazines, said it may spend a further \$2 billion on acquisitions to develop its electronic information business.

"It's not cheap, but it stacks up very well strategically," said Paul Richards, an analyst at Panmure Gordon & Co. "We'd be very happy," he said, if Reed spent an additional £1 billion (\$1.66 billion) on acquisitions.

Times Mirror shares were quoted at \$25.9375 in afternoon New York trading, up 43.75 cents.

Shares of Elsevier NV, which owns 50 percent of Reed Elsevier, fell 1.40 guilders to close at 30.50 (\$15.13) in Amsterdam. Reed International PLC, which owns the other half, fell 35 pence to 560 in London.

Times Mirror said it expected a gain of about \$1 billion on the sale, which was expected to be completed by the summer. It said it would use some of the money to pay short-term debt and the rest for investments, acquisitions and share repurchases. (Bloomberg, Reuters)

## EU Overture to China and Russia

Bloomberg News

BRUSSELS — European Union trade ministers agreed Monday to remove Russia and China from a list of "nonmarket" economies, improving the countries' chances of joining the World Trade Organization.

The decision revises the Union's criteria for judging whether Russian and Chinese producers are "dumping" goods in Europe. The EU will now use the countries' own price information rather than prices from Western producers to determine whether they are selling goods at below cost.

"Russia and China have made real economic progress toward becoming market economies," the EU's trade commissioner, Sir Leon Brittan, said. The new rules give the two "incentive for further economic change," he said, because

Russia and China must prove on a case-by-case basis that they are operating under market conditions.

The European Commission, the EU's executive agency, offered in December to give Russia and China market-economy status. Approval by the 15 EU countries had been delayed because some countries were concerned about a Russian plan to curb imports of European carpets.

After complaints from Belgium and other carpet producers, Moscow said it would not go ahead with the carpet restrictions, although it has not made a concrete proposal.

Both Russia and China are hoping to join the WTO but to still protect state-owned industries from competition from stronger foreign rivals. While China has tabled a series of offers in Geneva to cut specific tariffs, Russia has

not yet put forward an offer.

Foreign Minister Yevgeni Primakov of Russia said earlier this year that joining the WTO, the Geneva-based international trade body, remained a priority for Russia, although he did not say when Russia would submit an offer.

EU anti-dumping actions affect 1.1 percent of Russian trade, and only 14 of 146 existing EU anti-dumping duties target Russia, according to commission figures. EU exports to Russia in 1997 amounted to 18.7 billion European currency units (\$20.61 billion). Russian exports to the EU were worth 21.5 billion euros.

Under the change, China and Russia would not be designated as market economies, but the new policy will enable the EU to take account of cases where market conditions exist.

## Clariant Net Surges Amid Cost Savings

Completed by Our Staff From Dispatches

MUTTENZ, Switzerland — Clariant AG, the world's biggest specialty-chemicals company, said Monday that its annual profit more than tripled as a unit it bought from Hoechst AG of Germany last year lifted earnings.

Clariant said 1997 profit rose to 422 million Swiss francs (\$283 million) from 118 million francs a year earlier. The maker of products such as textile dyes and whitening agents for detergents said sales climbed 14.4 percent, to 10.18 billion francs.

Clariant gave no information on why net income had accelerated. Analysts said it probably had been lifted by cost savings produced as Clariant integrated the business it bought from Hoechst. The Swiss company has said the purchase will save it about 500 million francs a year. In addition, earnings of all Swiss exporters were helped last year by the Swiss franc's 9 percent decline against the dollar.

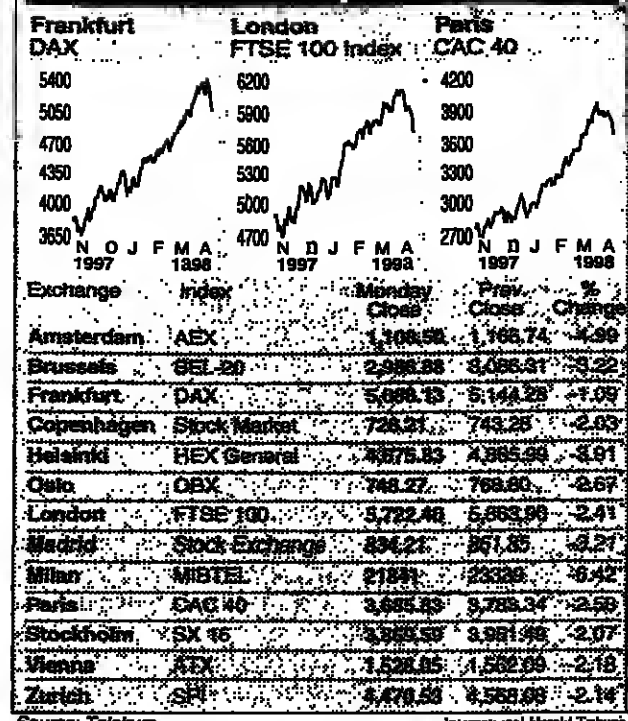
"Clariant is on track for double-digit earnings growth until the end of the century," said Eugen Melliger, a manager at Credit Suisse Asset Management. "Clariant is one of the few stocks in the Swiss Market Index I would buy."

Shares of the company fell 5 francs to close at 1,522, but the stock has risen 24.7 percent this year. Clariant also said it would raise its dividend to 14 francs per registered share for 1997 from 10 francs a share a year earlier.

Walter Vaterlaus, a company spokesman, said the savings achieved in 1997 were "even more" than the 125 million francs Clariant previously expected.

Clariant said last year it expected to take a reorganization charge of 500 million francs. The company will give details of its 1997 earnings May 15. (Bloomberg, AFP)

## Investor's Europe



## Very briefly:

- German and Hungarian securities regulators agreed to share information, making it possible for Hungarian stocks to trade on German exchanges.
- Lorho PLC shares rose to 439 pence (\$7.32), up 11, on speculation that Lorho, which is spinning off peripheral businesses to focus on mining, could be taken over by its former chief executive, Tiny Rowland, or by another company. Mr. Rowland headed Lorho for 34 years until 1994.
- Turkcell and Telsim, two Turkish mobile-phone operators, paid a total of \$1 billion to the Turkish government to obtain the country's first private mobile telecommunications service licenses. The sale marks the largest privatization ever undertaken in Turkey.
- Benetton Group SpA, an Italian clothing maker, said profit in its second half rose 15 percent, to 149.5 billion lire (\$4.3 million), as rising income from clothing sales offset declines in its newly acquired sporting-goods unit.
- Siebert PLC agreed to pay \$439 million in cash and stock for Eurotherm PLC, making the British electronic-equipment maker the world's largest maker of temperature controls. (Bloomberg, AFP)

## WORLD STOCK MARKETS

Monday, April 27  
Prices in local currencies.

High Low Close Prev.

Amsterdam AEX index: 1108.50  
Previous: 1104.74

ABN-AMRO 27.40 27.10 27.10 27.10

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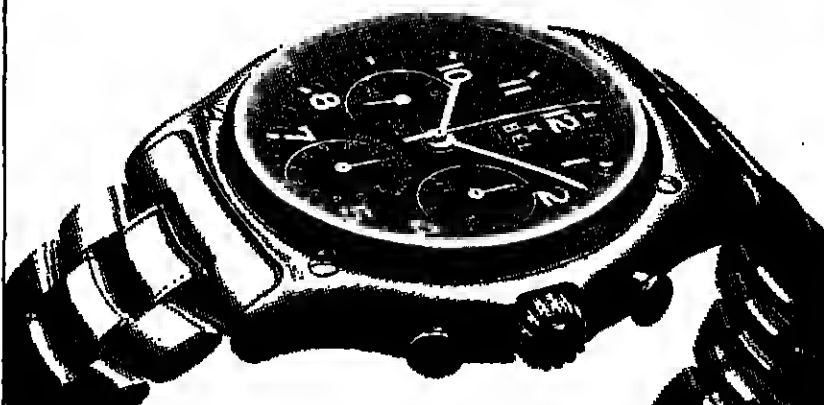
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"Le Modular" in steel with sapphire crystal case back.  
Automatic chronograph with chronometer certificate.  
5 year international warranty.

## Thailand Takes Men To Ease Its Credit Cr

## ACTIVISM: European Sh

**JAPAN: Finance Ministry**

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**Continued on Page 17**

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## ASIA/PACIFIC

Investment  
In Korea  
Plummets

**SEOUL**—Direct foreign investment in South Korea plunged to \$572 million in the first quarter from \$2.12 billion a year ago, the government announced Monday.

A Finance Ministry official attributed the sluggish performance, which is a blow to government efforts to reconstruct the economy with overseas funds, to slow domestic economic growth and uncertainty about South Korea's future.

A statement said mergers and acquisitions made up 57.5 percent, or \$329 million, of the foreign direct investments in the first quarter.

The new administration of President Kim Dae Jung has campaigned hard for foreign investment as the country tries to recover from last year's financial crisis and reform bloated and non-competitive industries.

But South Korea has long had a reputation for being xenophobic about foreign ownership and for having one of the most militant labor forces in Asia. South Korea's drive to make foreign investment a new linchpin of industrial development comes a decade after Southeast Asian countries did the same and embarked on a period of rapid growth.

The government is lifting all restrictions on foreign investment in the stock and bond markets. It has promised that all controls on capital inflows in and out of Korea will be lifted on July 1. Overseas buyers will soon be free to buy almost any Korean company, including getting involved in hostile takeovers.

## OECD Welcomes Japanese Stimulus Plan

By Carl Gewirtz  
International Herald Tribune

**PARIS**—The government of Japan sought and received international approval Monday for its latest package of measures aimed at reviving its economy.

Michel Camdessus, managing director of the International Monetary Fund, vigorously welcomed the measures in the latest package, as did Japan's peer group of industrialized nations here for the annual ministerial meeting of the Organization for Economic Cooperation and Development.

But the ministers stopped short of declaring the measures a cure-all and urged Tokyo to follow through with longer-term moves such as banking and trade reform.

The reaction in financial markets was less generous.

In Tokyo, the yen weakened steadily, trading at 132.100 to the dollar late in the day from its close at 131.245 Friday, and stock prices

slumped a hefty 2.3 percent. Details of the program were announced Friday after Tokyo markets had closed for the weekend.

Elsewhere in East Asia, still grappling with the effects of a regional financial crisis, stock prices also fell sharply — particularly in Hong Kong, which so far had escaped much of the effects of the downturn — on fears that renewed yen weakness would exacerbate the difficulties of Japan's Asian trading partners and possibly trigger a new round of regional currency turbulence.

Koji Omi, the Japanese minister for economic planning, spelled out details at the OECD meeting of the latest package, valued at 16 trillion yen (\$125 billion), and then asked for a specific endorsement, saying "it would be critically important to establish confidence of financial markets."

Mr. Camdessus called the program "important and timely" and said it "will certainly contribute to restart the Japanese economy during

the second half of this year and the beginning of next year."

But the IMF chief added that he would like to see the temporary tax cuts, estimated by Mr. Omi as worth 12 trillion yen, "promptly complemented by measures of a more permanent nature." Further, Mr. Camdessus warned Japan not to repeat its mistake of last year, when a budding recovery was aborted by an increase in consumer taxes.

"It is important that fiscal stimulus is not prematurely withdrawn at the end of next year but only gradually after the recovery is well established," he said.

He also said it was vital for Japan to continue its deregulation efforts and measures already announced for financial-sector restructuring, "including measures to allow banks to get rid of their bad loans," and the strengthening of supervisory authorities.

Janet Yellen, the head of the U.S. Council of Economic Advisers, told the meeting that Japan needed to

open its market more to make economic growth sustainable, Reuters reported.

Donald Johnston, the OECD secretary-general, said he was "very encouraged" by the program but said it was too early to say whether the impact would be lasting or short-lived.

## Appeal to Japanese Banks

The Japanese finance minister, Hikaru Matsunaga, urged Japanese commercial banks to expand lending to companies to help businesses cope with the nation's economic slump, Bloomberg News reported from Tokyo.

Lending by Japanese banks has decreased or remained unchanged year on year since October 1996, according to data from the Federation of Banks' Associations of Japan. That pattern is squeezing companies in an economy that contracted 0.2 percent in the last quarter of 1997 and that economists say probably shrank again in the first three months of this year.



Mr. Kawamoto, left, and his successor, Mr. Yoshino, on Monday.

## Official to Quit Healthy Honda

Compiled by Our Staff From Dispatches

**TOKYO**—The president of Honda Motor Co., Nobuhiko Kawamoto, said Monday that he would step down after eight years at the helm, leaving Honda about to post a record profit, in contrast to the troubles at rival Japanese carmakers.

Mr. Kawamoto, 62, will step down after a board meeting in June and become an adviser to the company. He is to be succeeded by an executive vice president, Hiroyuki Yoshino, 58, pending approval by the board.

During his tenure as Honda's chief, Mr. Kawamoto reorganized the company as it confronted the bursting of Japan's so-called bubble economy of inflated asset prices in the late 1980s and the protracted

economic stagnation that followed.

The company has said it will report a record profit for the year that ended March 31. The official results will be announced in late May.

Honda's rivals, meanwhile, have been affected more by slumping sales in Japan and the United States. Toyota Motor Co. and Nissan Motor Co. have warned that profit will be sharply lower for the latest year.

Mr. Kawamoto's departure coincides with the 50th anniversary of Honda's founding and with its preparations to return to Formula One racing after withdrawing from the sport in 1992. Mr. Kawamoto began his career at Honda working on racing engines and was involved in Honda's first Formula One racing entry in 1964. (Reuters, AFP)

## Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
13000	2000	17000
12000	1800	16000
11000	1600	15000
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2027	2027	2027
2028	2028	2028
2029	2029	2029
2030	2030	2030

## Very briefly:

- **Kirin Beverage Corp.**, the largest Japanese brewing company, has bought 45 percent of the New Zealand beer Lion Nathan Ltd. for about 1.4 billion New Zealand dollars (\$786.1 million). The two companies plan a joint expansion drive into China, the world's fastest-growing beer market.
- **The Japan Automobile Manufacturers Association** said motor-vehicle exports rose 13 percent in March from a year earlier, to 402,489 units, the 22d consecutive month with a year-on-year increase. The value of those exports, including auto parts, rose 1.7 percent in dollar terms, to \$7.1 billion.
- **Toshiba Corp.** is considering setting up a holding company to reduce its tax liability. The government decided in December to lift a ban on holding companies, in which a loss in one business can be used to offset a profit in another, reducing the overall tax burden.
- **Vietnam Airlines** plans to cut flights and lay off more than 1,000 of its 5,000 workers as part of a restructuring drive forced by falling passenger loads and mounting losses, the Vietnam Investment Review reported.
- **Volkswagen AG** plans to introduce new models of its Santana and Audi cars in China. The company said a third-generation Santana would roll off its Shanghai assembly lines by early 2000, while plans were underway to manufacture an Audi A6 version in Changchun, in Jilin Province.
- **Reliance Industries Ltd.**, an Indian textile and petrochemical company, said profit for the year that ended in March rose 25 percent, to \$424 million, on sales of \$3.4 billion. Exports rose more than fourfold, to \$94 million.
- **Hong Kong's** police seized 8 million pirated video compact disks and arrested 12 people, including a customs officer, in connection with a bribery case. (AFP, Bloomberg, Reuters)

## IMF Is Cautious on China Growth

Agence France-Presse

**HONG KONG**—The International Monetary Fund's forecast of 7 percent growth for China in 1998 may be "a little optimistic," an IMF official warned Monday.

China will be affected "to some extent" by the Asian financial crisis, in the form of reduced demand and diminished export competitiveness, said Fleming Larsen, deputy director of the IMF's research department, but he said the slowdown would be "relatively modest." Beijing has voiced confidence that it will achieve its 8 percent growth target for this year.

Possibly reflecting its own doubts about the long-term strength of the movie, Paramount accepted.

**ACT 3:** The howls began as soon as word of the deal got out. CBS and ABC, armed with increasing evidence of raging box-office returns, wanted to know how NBC could steal the film for \$30 million when neither of them even got a phone call from Paramount. It's hard to make a deal, NBC responded, when you're outbidding.

Fox studio executives were outraged, saying that Paramount had reneged on a contractual obligation to consult with Fox before making any sale.

Paramount executives denied they had an obligation to consult with Fox before selling the rights. That issue may become central to any legal action the studio pursues against Paramount, because Fox executives said the contract language was clear on that point.

Hints then were loudly dropped that NBC and Paramount had included something else in the deal, money for other movies or commitments for more situation comedies from Paramount. Both NBC and Paramount strenuously denied the "Titanic" deal had any strings attached, and no one has provided any proof to the contrary.

LUXOR INVESTMENT COMPANY  
Société d'Investissement à Capital Variable  
10A, Boulevard Royal, Luxembourg  
R.C. Luxembourg B 27.109

## NOTICE OF MEETING

Notice is hereby given that an Extraordinary General Meeting of the shareholders of LUXOR INVESTMENT COMPANY will be held at the Registered Office in Luxembourg, on Monday 18th May, 1998 at 11.45 a.m., for the purpose of considering the following Agenda:

1. Approval of the auditor's report.
2. Discharge to be granted in the liquidator, the auditor and the Board of Directors.
3. Resolution concerning the final liquidation of the Company.
4. The keeping of accounts and company documents.

There is no quorum and the resolutions will be passed by a simple majority of the shares represented at the meeting.

Shareholders who are not able to attend this Extraordinary General Meeting of shareholders are requested to execute the enclosed proxy and send it to us prior to the date of the meeting. To be valid proxies must be received at the Registered Office of Luxor Investment Company 24 hours before the meeting.

In order to attend the meeting, the owners of bearer shares are required to deposit their shares not less than five clear days before the date of the meeting at the Registered Office.

The liquidator

Thailand Takes Measures  
To Ease Its Credit Crunch

Compiled by Our Staff From Dispatches

**BANGKOK**—Finance Minister Tarrin Nimmanaheminda of Thailand presented a 15-point plan Monday to ease the cash crunch facing companies trying to survive the worst economic crisis in decades.

He said the plan included reduced interest rates, an international bond issue, legislative changes, joint ventures between local banks and foreign institutions, and requests for fresh funds from the World Bank and other sources.

Analysts said that while the measures were positive and aimed at increasing capital inflows, the authorities should also look at ways to reduce the amount of money leaving the country. They also questioned whether the government would be strict about implementing the plan.

"The measures are expected to create more liquidity and stability in the market," said Songyos Kulvichien, vice-president of Securities One. "What is important most is how far the government could implement them. This is very important."

Thousands of Thai companies are said to be on the brink of bankruptcy

as they struggle to pay off short-term debts or cover operating costs.

Interest rates have soared since the country's financial crisis began last year, and banks have been following extremely conservative lending policies. Thai interest rates, with the minimum lending rate above 15.5 percent, are among the highest in the region.

Mr. Tarrin did not say how far interest rates would be allowed to fall. "Short-term interest rates can be lowered once the short-term market and the baht have stabilized," he said.

Mr. Tarrin also gave no specifics on the size of any bond issue. But government sources have previously said bonds worth about \$5 billion would be issued in Thailand and overseas within the next few months.

Mr. Tarrin said the government would also speed up changes to the bankruptcy law to provide a conducive atmosphere for creditors seeking recourse on their debts and to give foreign investors more confidence in Thailand's financial system.

(Reuters, AFP)

Japan Venture:  
Satellite to Car

Compiled by Our Staff From Dispatches

**TOKYO**—Toshiba Corp., Toyota Motor Corp. and Fujitsu Ltd. are among eight Japanese companies setting up a joint venture to beam digital satellite broadcasts to motor vehicles in Japan, the companies said Monday.

The new venture, provisionally called Nihon Mobile Broadcasting Corp., will start up next month with initial capital of 500 million yen (\$3.8 million), the companies said. The companies expect the joint venture's capital to rise to 40 billion yen in 2002 as other companies take a stake, they said.

The venture is due to start broadcasts of multichannel programming by 2001, the companies said. They hope to attract 2 million subscribers by 2003 and 10 million by 2010.

The venture plans to broadcast news, sports and other information as well as provide data for downloading such as maps for car navigation systems and data for personal computers, the companies said.

(Bloomberg, AFP, Reuters)

## DEAL: Fox Fuming Over NBC's Coup

Continued from Page 11

This all took place before the film opened and came in an atmosphere of high anxiety at the Fox movie studio over its investment of more than \$135 million in the movie.

Paramount had gained the opportunity to sell the television rights to "Titanic" as part of its deal with the Fox studio to help defray the enormous production costs on the film. Paramount's ability to cap its costs at \$55 million, for which it acquired all American distribution rights, had already been a source of friction between the two studios: two executives almost came to blows over the deal at the Cannes Film Festival.

Once the Fox TV network declined to take up the rights, Paramount was free to sell "Titanic" to the highest network bidder, but it never opened an auction.

This is one of the main questions about Paramount's strategy. Almost every recent hit film has been auctioned, and the prices have often reflected intense bidding. For example, "Men in Black," which grossed \$250 million in the domestic market, was sold to NBC for \$55 million. "Lost World," the sequel to Jurassic Park, grossed \$229 million domestically and went to Fox for a staggering \$80 million.

**ACT 2:** Don Ohlmeyer, who runs the NBC entertainment division, decided to attend "Titanic" at a theater on opening night. He wanted to gauge the public response and, hearing teen-age girls reacting that night, he was hugely impressed. NBC executives were soon impressed.

NBC executives had even though it was close to Christmas week, when much of Hollywood sheds its Guccis for skis and leaves town for the holidays.

"Titanic" had opened to mostly good reviews, and some were ecstatic. But a few critics lambasted the film. The box-office returns were solid, \$28 million in the first weekend, good enough for first place at the time though not on a par with what some special-effects epics such as "Independence Day"

(\$85 million) had racked up.

The box-office news, Paramount executives argued, was reason for Paramount to seek an early television deal without waiting to see what might happen in subsequent weeks.

After all, they reasoned, most films see their returns decline as weeks go by.

Paramount was thus disposed to listen when NBC executives, disdaining the call of the ski slopes, came calling. The price in the talks ranged between \$22 million and \$25 million, and Paramount pushed for a co-called escalator clause designed to lift the price according to the film's final box-office take. NBC then offered \$30 million for a flat deal — no escalator. It also gave Paramount a limited time to decide on the offer.

Possibly reflecting its own doubts about the long-term strength of the movie, Paramount accepted.

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## ACTIVISM: European Shareholders Demand Attention

Continued from Page 11

absorbing other companies in which they own majority stakes. Minority investor groups say their rights are being trodden on.

In Italy, junior investors are suing over the recent government bailout of Banco di Napoli SpA and over a bankruptcy case involving a Genoa-based construction company. In each case, the investments of minority shareholders were wiped out.

In Switzerland, Martin Ebner, a maverick investor, harasses corporations and banks to provide greater shareholder value.

But some of the most bitter battles

have been fought in France, where protectionism, government traditions and corporate cronyism create a particularly tangled web.

Take Generale des Eaux, which has been trying to transform itself from a cumbersome utility to a nimble telecommunications firm.

In the late 1980s, Jean-Marie Messier was a civil servant who helped write legislation to privatize Havas, a publishing concern with a stake in Europe's biggest cable network, Canal Plus. Later, as chairman of Generale des Eaux, Mr. Messier accumulated a third of Havas, and last year he proposed taking it over. Because that com-

pany effectively had management control, few obstacles seemed to be in the way.

The approach of Generale des Eaux was typical of French companies. Minority investors were asked to accept its valuation of Havas shares rather than submit them to auction. Mrs. Neville's lawsuit argued that French rules required Generale des Eaux to seek outside bids, given that it had effective control over Havas management.

Although the court ruled in favor of Generale des Eaux, Mr. Messier wanted to avoid further negative publicity, and the \$10 cash premium was offered for each Havas share.

## JAPAN: Finance Ministry Reprimands 'Mr. Yen'

Continued from Page 1

"We have found that many employees had excessive relationships with private financial institutions," Finance Minister Hikaru Matsunaga said at a news conference. "This is truly regretful, and I deeply apologize. We want to make this the turning point to rebuild the ministry and restore the confidence in the ministry."

Mr. Matsunaga said that he and the deputy ministers and bureau heads would take 20 percent voluntary pay cuts for one month.

As a result of the ethics investigation, 17 Finance Ministry officials, including other heads and deputy directors of various bureaus, had their pay slashed for periods ranging from one to six months. Others received either oral or written reprimands. A Finance Ministry official said future pay raises and promotions would be hurt by the punishment.

The ministry's actions were the result of an internal

investigation of 1,050 employees started after the arrests of four Finance Ministry officials in January in connection with a bribery scandal that resulted in the resignation of Finance Minister Hiroshi Mitsuoka.

Prosecutors charged that banks and securities companies had entertained bureaucrats lavishly to get special treatment or to try to obtain inside information from the government.

Two Finance Ministry officials committed suicide over the scandal.

## Mr. Yen's Impact

Mr. Sakakibara is no stranger to controversy, Reuters reported.

Six weeks ago he came under fire in Parliament for alleged influence-peddling when an opposition party member said he had learned that in 1991, Mr. Sakakibara helped an acquaintance obtain compensation for losses suffered in trading warrants and that he had been enter-

tain more than 15 times by the acquaintance, a company president. A Ministry of Finance official said at the time that a 1991 ministry investigation had cleared Mr. Sakakibara of wrongdoing.

More harmful to Mr. Sakakibara than the reprimand could be some analysts' views that the sun may be setting on the influence he wields over currency markets, Reuters reported.

"This scandal is unlikely to change much for Sakakibara in the markets because his influence is already waning. He's losing his impact on the market," said Yasunari Ueno, chief market economist at Fuji Securities.

Mr. Sakakibara said Monday on Japanese television that the yen was destined to rise because the government's latest spending package would help turn around the economy.

The risk that the yen will strengthen "is very large," he said. "The impact from the economic package will gradually filter through the economy."

International  
design  
competition

Preliminary notice of the publication of a call for bids in a selection process

for four Expo.01  
arteplages

water. These sites, each clearly distinct from the others, will have a very marked design based on a particular theme: Bienne — "Power and freedom", Morat — "The moment and eternity", Neuchâtel — "Nature and artificiality", Yverdon — "The universe and I".

The total budget for the Expo.01 project is approximately CHF 1.5 billion. Public financing accounts for CHF 195 million and the rest is entirely financed by private investors.

The invitation to tender will be published towards the middle of May 1998 in the official bulletin of Swiss commerce (Schweizerisches Handelsamtsblatt) and the

Feuille d'avis officielle de la République et Canton de Neuchâtel, as well as on our Web site (www.expo-01.ch).

Expo.01  
imaginNation.ch



17	GlobeFest US Equity Fd Ltd	US
18	Gonnard	SC
19	Graham Global Inv Fd	US
20	Graham Wry Inv Fd ECU	ECU
21	Graham Wry Ltd A USD	USD
22	Graham Wry Ltd A FRF	FRF

The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (m) - monthly; (t) - fortnightly; (r) - regularly; (tw) - twice weekly; (m) - monthly; (tm) - twice monthly.



**NASDAQ**

**Monday's 3 P.M.**  
The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
*The Associated Press*

[illegible]

**NYSE**

**Monday's 3 P.M.**  
(Continued)

[illegible]



# TURKEY BUSINESS UPDATE

## ECONOMY RESILIENT AS REFORMS ARE DISCUSSED

Political stability and the presence of foreign investors will prove crucial.

Political instability has so long been a part of life in Turkey that it is now taken almost for granted. Luckily for this country of 64 million, another constant in recent years has been the increasing strength of its private sector and an economic growth trend that seems able to weather most political turbulence.

The surge of optimism that seized the markets with the arrival of spring brought inflation — which had been hovering near the 100 percent mark — down a few points, to 97.2 in March. The progress can be accounted for by low oil prices, major economic achievements on the part of Prime Minister Mesut Yilmaz's government and the prospect of the coalition's surviving another year.

Despite having the strong support of state institutions and business circles, the government, 10 months after its

arrival in power, appears unlikely to make the much-needed structural changes to reform the economy. At least the threat of early general elections this year, however, is receding.

The Turkish economy is performing well, with an 8 percent growth rate in 1997 that many countries would envy. Inflation, though high, continues to defy basic economic principles by not spiraling into hyper-inflation.

"The Turkish economy is pretty robust," says Atilla Yesilada of Global Securities. "It was immunized by the 1994 crisis, and the antibodies are still there."

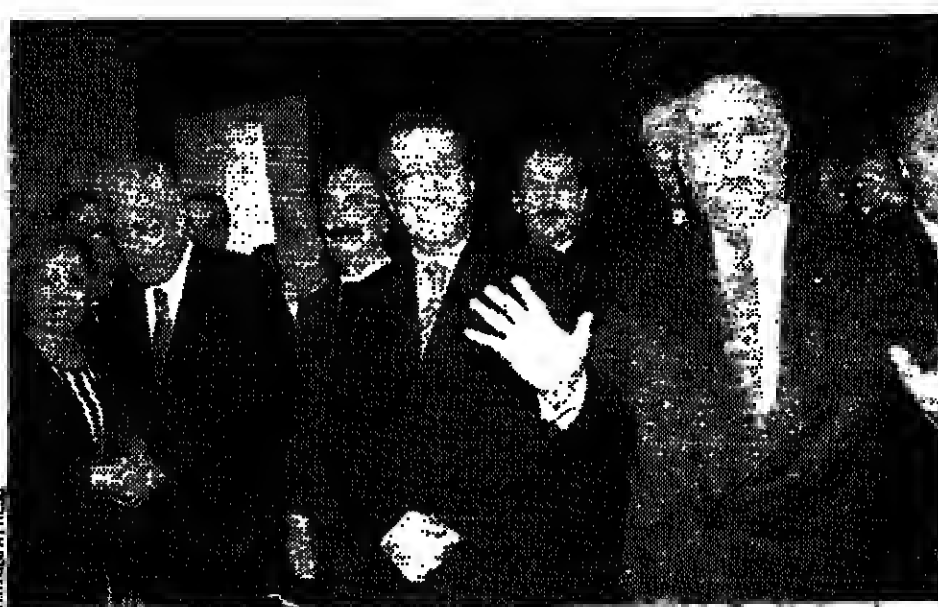
In 1994, Turkey suffered a serious crash, and its currency lost almost 50 percent of its value in the space of a few months. But the economy rallied with remarkable speed.

The slow pace of structural reforms and the vol-

atility of Turkish politics do, nevertheless, carry a heavy price. Talks with the International Monetary Fund are at a standstill, and no agreement is foreseen that would restore international confidence and allow Turkey to increase borrowing abroad. With limited access to international markets and a high public sector borrowing requirement (PSBR), the government has relied mainly on domestic borrowing, issuing short-term bonds at a cost of up to 40 percent in dollar terms.

### Large reserves

Because long-term borrowing is ruled out in the current environment, raising equity is often the only way for private companies to finance their investments. The overall cost in lost opportunities is difficult to quantify, but as Sakip Sabanci, whose Sabanci Holding has joint ventures with giants like



Prime Minister Mesut Yilmaz (center) and President Süleyman Demirel (right) with cabinet members.

Toyota, Hilton and Philip Morris, says, "Political uncertainty prevents the Turkish economy from reaching its full potential."

Nowhere is this more visible than in foreign investment: With only \$11 billion to \$12 billion of direct investment in the past 17 years, Turkey is well below what a country of its size and potential could expect. Foreign companies that have invested in this dynamic country usually find their move has paid

off; but for others watching from the sidelines, the risk appears too high.

On the plus side, the fact that in the private sector leverage remains low — combined with the large foreign currency reserves (standing at a record high of \$22.1 billion in early April) that allow the Central Bank to intervene to defend the lira if necessary — makes this large market less vulnerable than others to crises such as the one that recently shook Southeast Asia.

The current account deficit, at \$2.7 billion, is less than 2 percent of GNP. Turkey managed to raise money on the international markets as early as January of this year, the first emerging economy to do so since the Asian shockdown.

Higher-than-expected tax revenues in March and fiscal reforms, currently being discussed in Parliament, should allow the government to put the brakes on its domestic borrowing. In the first quarter, the real domestic debt stock was reduced by 2 percent in real terms.

The planned sale of stakes in Turkish Telekom and of state shares in the giant Is Bank might provide a welcome cash injection later this year that would help the government get out of the bor-

rowing cycle. There is still, however, political resistance to the concept of selling off state assets and an urgent need for legislation on regulatory bodies.

The lack of political will to reform also worked against Turkey in its relations with Europe. Turkey was kept off the list of countries earmarked for European Union membership at the Luxembourg summit in December 1997. The Turkish authorities reacted strongly and froze dialogue with Europe on a whole range of subjects. Despite the political differences, the customs union introduced in 1996 between Turkey and the EU — its biggest trading partner — is working well.

The overall trade deficit was still \$20.6 billion in 1997, but there are signs that exports are progressing faster than imports, thus proving that Turkey has overcome the initial shock of opening up to European competition.

Turkey is still suffering from a public sector that continues to burden its dynamic economy. Nevertheless, with limited capital coming from outside and little help from international institutions, the country has shown its resilience and self-reliance.

Nicole Pope

## TELECOMS MARKET SET TO GO PUBLIC

Foreign and local investors will be invited to buy.

Two important developments are expected in the field of Turkish telecommunications. Both processes are fraught with challenges, but given the global trend against state monopolies, they are bound to yield results.

At the end of April, two GSM operators, Turkcell and Telsim, should be granted 25-year licenses to compete for the fast-growing market in mobile telecommunications. The two companies have been providing mobile communications to the Turkish public since 1994, operating until now under a revenue-sharing agreement with state-owned Turkish Telekom, which gave them 32.8 percent of the fees.

Growth has been impressive, with 1.7 million people now using mobile phones in Turkey.

Cuneyt Turkkan, general manager of Turkcell — which currently controls 77 percent of the Turkish cellular communications market — believes that by the year 2000, penetration will reach at least 8 percent, with 5 million users. International confidence in the future of mobile telecommunications was demonstrated when Turkcell managed to get a \$575 million loan underwritten by Bankers Trust, J.P. Morgan and Deutsche Morgan Grenfell. A further \$300 million should be raised through high-yield bonds in the United States.

As is often the case in Turkey when it comes to devolving power from state institutions, political and legal obstacles make the process a lengthy and sometimes painful one.

"We always believed it would happen, which is why we have invested heavily," says Mr. Turkkan.

The agreement reached after four years of negotiations almost fell through when, at the end of March 1998, the two companies were unable to pay up front the \$500 million cost of each license, mainly because the interconnect agreement — the document spelling out the administrative, technical and financial principles of the license agreement — had not yet been hammered out. The two operators were granted a one-month extension to finalize the deal.

The privatization of Turkish Telekom, the state monopoly company, is an even bigger hurdle. There again, the prize is a coveted one, with a telephone-line capacity of 17.85 million and a growth potential that some analysts estimate at 1 million to 1.5 million new lines per year. In late March, the government approved the sell-off strategy of this most valuable asset of the Turkish state, said to be the 12th-biggest telecom company in the world and valued at between \$12 billion and \$14 billion. Last year, the Constitutional Court rejected an attempt to block the sale of Turkish Telekom, clearing an important legal obstacle.

The state plans to sell a 20 percent share of the company to a strategic investor, 10 percent to the postal administration and 5 percent to employees, while 14 percent will be sold through a public offering on international and national markets.

"I think it will attract a lot of attention," says Atilla Yesilada, director of research at Global Securities. "It could fetch upward of \$3 billion."

The timing remains somewhat uncertain, but, barring major political instability, the government hopes to complete the public offering late in 1998.

N.P.

## THE ART OF FINE WRITING

Few things exemplify the refinement of the Ottoman court in its heyday better than the art of calligraphy. Turkish tycoon Sakip Sabanci has built up a sizable collection of Turkish antiques — calligraphy, paintings, ceramics — that he is determined not to keep to himself.

While planning to turn his private residence on the Bosphorus into a museum, Mr. Sabanci is also sending 71 examples of Ottoman calligraphy across the Atlantic this year. They will be shown at an exhibition entitled "Letters in Gold" at the Metropolitan Museum of Art in New York and at the Los Angeles County Museum of Art.

Mr. Sabanci is proud of his Anatolian origins and of

his father's modest beginnings in Adana. He has devoted some of the profits of his company — now one of Turkey's biggest industrial groups — to building schools and hospitals. But he also considers the Ottoman Empire's aesthetic traditions important.

The *fermans*, or decrees of Ottoman rulers, were often beautifully crafted scrolls topped by the *nigra*, a sultan's personal monogram. Several examples can be seen in the "Letters in Gold" exhibition. The exhibition also includes rare illuminated editions of the Koran, some painted on Turkish marbled paper called *ebru*, that show how a simple script can be turned into a work of art.

N.P.



Items such as this gold emblem on paper will be on display.



Sakip Sabanci, businessman and philanthropist.

## in more ways than one

Akbank again posted the highest earnings of any bank in Turkey in 1997.

But that is nothing new. Akbank has long ranked as the most profitable financial institution in Turkey. More significant is the low-risk, stable nature of growth. The increase in placements volume was accomplished without sacrificing asset quality, making Akbank not just one of the fastest growing banks in Turkey but the strongest financially.

The essential soundness of Akbank derives from a philosophy of prudence, high ethical standards and full disclosure. Moody's and Duff & Phelps assigned Akbank the highest ratings of any Turkish institution in 1997, attesting to its excellent short and long term prospects. Akbank's reputation enabled it to obtain the lowest pricing of any Turkish institution in the international syndication market during the year.

Growth at Akbank is technology-driven and customer-focused. Akbank is the only bank in Turkey to make comprehensive home and office banking services accessible over screen telephones, personal computers and television in a complete transactional mode, including electronic fund transfers.

By investing in the future, Akbank is serving more customers more effectively than ever before. And that, in the final analysis is the source of our strength.

### Financial Highlights (US \$ millions)

	1996	1997	CHANGE
Assets	4,349	5,712	31.34 %
Placements	2,628	3,349	27.42 %
Deposits	3,108	3,663	17.85 %
Stockholders' equity	804	981	22.06 %
Before Tax Income	671	862	28.51 %
Net income	466	592	27.06 %
Return on Average Equity	66.07 %	66.33 %	
Return on Average Assets	11.59 %	11.77 %	

For more information and a copy of our 1997 Annual Report please contact:  
Mr. A. Cenk Oksan, Director of Institutional Investor Relations  
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# TURKEY BUSINESS UPDATE

## FORTUNE FAVORS THE BRAVE

This roller-coaster exchange makes up for its losses with great heights.

It is the ultimate roller-coaster stock exchange. Up 90 percent in dollar terms last year, Istanbul's National-100 index sank 20 percent in the first quarter of 1998. In Istanbul, gains or losses of more than 5 percent on a single day are commonplace. In 1997, shares in Is Bank—currently the subject of a major international offering—tripled in value.

David Edgerly of Alliance Capital, manager of the Turkish Growth Fund, clearly enjoys the ride.

"How do you make money in a market that doesn't move?" he asks. When prices dip, "you are buying very, very good companies at absurd valuations," Mr. Edgerly explains, and when the time

comes to sell, you can always find a counterparty. A choice of 240 debt-free companies, an ample flow of information and an efficient electronic trading system all add to the attractions.

**The roundabouts**

What this market loses on the swings, it gains on the roundabouts. The uncertainty posed by high inflation has pointed domestic institutional investors firmly in the direction of the still-higher interest rates on government debt. This leaves the field open for retail investors with plenty of short-term cash to splash around and no fear of doing so. Their guiding lights are politics, privatization and short-term interest rates.

It was the Islamist-led government's apparent conversion to selling state assets that gave the bourse its first push last year, and its replacement with a more orthodox coalition that sparked the second one. The Yilmaz government disappointed in the end, failing to come to terms with the International Monetary Fund, but the market rallied dramatically in mid-April on renewed hopes that an election could be avoided for another year. Fresh borrowing on international bond markets and moves to reform the tax system had already taken some of the glitter off competing government bond yields.

Privatization deals, too, would cut the public borrow-



Traders are used to the vicissitudes of Turkey's stock exchange.

ing requirement and send interest rates lower; they would also have a more direct impact on the bourse via the minority stakes in many state-run industries that are already traded. Due by the end of the year, the \$2 billion flotation of Turkish Telekom will be a dream come true for Istanbul. Ironically, however, most of the stock on offer will be traded on Western markets.

For all its fairground atmosphere—and a continuing stream of public offerings—the Istanbul market is still unable to meet the financing needs of Turkey's top-tier banks and companies.

As time goes by, the increasing overlap with Western exchanges could take the edge off the market's volatility.

Bernard Kennedy

## POWER SECTOR IS IN FLUX

Opportunities beckon for investors who are willing to scale the hurdles.

Some distress signals are in the air for the Turkish power-generation system. For years, a losing battle against budget deficits and public debt has taken its toll on the pace of public investment. According to Minister of Energy Cümlah Erşim, the gap between output and demand will reach 6.6 billion kilowatt hours in 1998. What is a nightmare for some, however, is an opportunity for others, and electricity generation could attract more private and foreign investment in the near future than has been raised in years of privatization deals.

Is this the economy's Achilles' heel or its engine of growth? Much depends on whether—and how fast—the proud traditions of the republic can be made to accommodate the twin realities of an inadequate state budget and the needs of the capitalist era.

**Local and foreign giants**

Companies in line for build-operate-transfer (BOT/BOO) contracts for plants using coal, gas, hydroelectric power and even nuclear fuel—or preparing to take over the operation of existing generators and invest in additional capacity—range from local giant Koç to Britain's National Power, Germany's Siemens and Zurich-based Asea Brown Boveri. Also on offer are regional distribution franchises, which should lead to a reduction in the 20 percent of available electricity that is lost due either to faulty equipment or to nonpayment on the part of public institutions and shanty-town dwellers adept at helping themselves from nearby transmission lines.

These opportunities are ample testimony to the government's commitment to involving private capital. But the law is less enthusiastic.

Articles 125 and 155 of the constitution are designed to avoid any repeat of the "capitalizations" under which indebted Ottoman governments were forced to award domestic monopolies to foreign institutions. Spurred by domestic lobbyists, the courts have ruled that these articles apply to all private power concessions. Lengthy judicial reviews of individual contracts have ensued.

More crucially, the exclusion of international arbitration in the event of disputes has put off would-be investors and their hope for rapid privatization.

"They can offer high interest rates, and if they post a loss, they get an indemnity from the treasury," says Mr. Sabanci.

Another anomaly of the system is that the state offers an unlimited guarantee on deposits. Introduced during the financial crisis of 1994 to prevent a run on deposits after three banks failed, it is still in force today.

"It is very dangerous for the system; some banks that need liquidity take risks and offer crazy rates," says Mr. Sabanci, who believes that a ceiling should be reintroduced. "Under these conditions, some small, sick banks dictate the market rates."

At Yapi Kredi, however, the feeling is that the guarantee should not be lifted until public banks are privatized, in order not to give the state institutions an additional advantage.

potential, and usually foreign, financiers.

Thus far, only a handful of BOT projects have left the drawing board. In February, the groundbreaking leasing of eight existing plants to local and foreign owners was put on hold on the grounds that the tender was authorized by the Ministry of Energy instead of the executive branch of the government.

Recent official proposals for overcoming the legal obstacles include amending the constitution—which would require a two-thirds majority in Parliament—and slipping an arbitration clause into the sales agreement between the investor and the state monopoly generator Teas, rather than incorporating it in the investment contract.

"Power demand growth is about 5 percent per annum, so Turkey needs over \$2 billion a year in investment, mainly in additional generating facilities," says Ziad Alahadad, deputy chief of the World Bank mission in Ankara. "To raise that level of finance, the main source has to be the private sector. Hence, an appropriate incentive framework has to be in place. . . . This also involves appropriate legal and regulatory reforms. The Turkish authorities are very well aware of this situation. They are working toward a solution."

**Alternatives**

In the meantime, the problem is being tackled piecemeal. Sulfurous lignite plants continue to operate in defiance of environmental rulings. Teas is to hire "floating generators." Larger enterprises have been encouraged to acquire the capacity to meet their own power needs, and diesel generators figure in the inventories of most small businesses.

Imports from Bulgaria, Georgia, Iran and Russia will partially compensate for this year's production shortfall. After all, argues Hüseyin Arabul, head of the Turkish National Committee of the World Energy Council, the vibrant Turkish private sector is willing and able to pay the going rate. Mr. Arabul resists a doomsday attitude about matters such as blackouts.

"The quality of electricity is not so good today as in Western countries," he says, "but for the time being we do not have any shortage, and we do have alternatives."

B.K.

## FOR SALE: STAKES IN THE BANKING INDUSTRY

This sector is moving toward privatization. Insurance, brokerage and private banking will be on the upswing.

Billboards have gone up across the country, and large ads have been published in the press: The Turkish government is selling its stakes in the private bank Is Bank in hopes of raising \$700 million. For the first time, some of the shares were offered to small local investors, who were asked to register their interest beginning on April 15. Within the first two days, demand reached between \$250 million and \$300 million. The actual sale will take place in early May.

Even though the state is divesting itself of 12.5 percent of its stake in Is Bank, its influence over the banking sector as a whole remains overwhelming. More than 40 percent of total bank assets in Turkey are still public.

With more than 50 banks sharing a limited market, and total assets estimated at \$95 billion, competition is fierce.

High inflation has hampered the development of a proper lending culture for more than a decade, and some banks have relied heavily on the high profit margins generated by treasury bonds.

"Everybody knows how to play the game under those conditions," says Hasan Erel, senior executive vice president at Yapi Kredi. "When the rules change, you have to compete in the credit markets, in banking services."

In a noninflationary environment, "some small and medium banks may face difficulties," says Erol Sabanci, chairman of Akbank, one of Turkey's leading private banks. Akbank, part of the large Sabanci industrial group, is already preparing for the future. Mr. Sabanci believes that, with 506 branches, his company—which recently raised \$140 million in Europe and the United States—will be able

to sell new services all over the country. These services include insurance, brokerage and private banking.

Most analysts believe mergers will be inevitable in the medium term.

"Economies of scale will be needed," says Burhan Karacem, president and chief executive of Yapi Kredi, founded in 1944 as Turkey's first private bank. "It is getting increasingly costly to extend services. The technology, the infrastructure and the cost of human resources are very high."

Yapi Kredi, which is 60 percent owned by the Cukurova group—plus 35 percent by international investors and 5 percent by domestic investors—has largely refrained from playing the T-bill game. Only 4 percent of the bank's total assets are in lira-based government paper. The bank prefers to take a longer view and place itself

in pole position for the boom in corporate and retail banking that its managers believe will come.

Yapi Kredi, which has established itself as the market leader in automated banking and was the first bank to offer consumer loans, has restructured its network of more than 400 branches to concentrate on industrial zones. It has opened several separate corporate branches and brokerage units.

Beyond the problems caused by inflation, the financial sector is facing others.

"The Turkish banking industry doesn't understand the importance of proper accounting," says Mr. Karacem. "Inflation misleads the management. Some companies think they are generating a profit when in fact they are not."

Private banks say that state banks have an unfair competitive advantage, and they

hope for rapid privatization.

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Another anomaly of the system is that the state offers an unlimited guarantee on deposits. Introduced during the financial crisis of 1994 to prevent a run on deposits after three banks failed, it is still in force today.

"It is very dangerous for the system; some banks that need liquidity take risks and offer crazy rates," says Mr. Sabanci, who believes that a ceiling should be reintroduced. "Under these conditions, some small, sick banks dictate the market rates."

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**TURKEY**

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**WORLD ROUNDUP**

**Duncan Top Rookie**

**BASKETBALL** Tim Duncan, the San Antonio Spurs forward, overwhelmingly won the National Basketball Association Rookie of the Year award Monday.

Duncan received 113 of a possible 116 votes (97 percent) from a panel of writers and broadcasters. New Jersey's Keith Van Horn got the other three votes.

Duncan, the first pick in last year's draft, averaged 21.1 points, 11.9 rebounds, 2.7 assists and 2.5 blocks per game. (AP)

**Jamison Turns Pro**

**BASKETBALL** Antawn Jamison, the college player of the year, said Monday he will skip his senior year at North Carolina to enter the NBA.

"If I would have stayed, it would have been for selfish reasons like breaking records," he said.

"There's not much more to accomplish, other than maybe winning a national championship."

The 6-foot-9 forward is the 13th player to declare early for the draft. He said he can graduate after summer school this year. (AP)

**Marichal Hurt in Crash**

**BASEBALL** Juan Marichal, a Hall of Fame pitcher, suffered serious head injuries in a car crash Monday in the Dominican Republic.

Marichal, 60, the Dominican sports minister, was listed in stable condition at Armed Forces Hospital. The accident happened 10 miles outside Santiago. (AP)

**IOC To Ban Marijuana**

**OLYMPICS** The International Olympic Committee intends to ban marijuana and other recreational drugs before the Sydney Games in 2000, Francois Carrard, the IOC director-general, said Monday.

"Marijuana will be banned, that's for sure," he said after first day of an IOC board meeting in Sydney.

The move is a response to the case of Ross Rebagliati, the Canadian snowboarder who was briefly stripped of a gold medal at the Nagano Winter Games after testing positive for marijuana.

"The IOC is taking care of the health of athletes and young people," said Prince Alexandre de Merode, chairman of the IOC medical commission. "We believe Olympic athletes must be an example for other young athletes and the youth." (AP)

Dick Pound, an IOC vice president, said Sunday he wanted ice dancing dropped from the Winter Games because of public "outrage" over accusations of fixed results. Pound said the image of the Olympics had been tarnished by what he called blatant, predetermined standings. (APF)

**Fitzpatrick Retires**

**RUGBY UNION** Sean Fitzpatrick, the captain of the New Zealand national team, said Monday he was retiring rather than risk painful long-term damage to an injured knee. Fitzpatrick, 34, a hooker, played a record 92 tests for the All Blacks, the most by any international forward. He captained the All Blacks 51 times, winning 41, losing 9 and drawing one. (AP)



Sam Perkins of the Sonics muscling for position in Seattle with the Wolves' Sam Mitchell, left, and Terry Porter.

**Nets Get Testy as Jordan Saves Bulls**

By Steve Popper  
New York Times Service

**CHICAGO**—The Chicago Bulls did not walk off the court at the United Center with their arms raised in celebration as they had when they escaped the New Jersey Nets in Game 1. This time their arms were tired, and like weary boxers they just retreated to the locker room.

The Nets stretched the Bulls to the final buzzer again on Sunday night, and again they could not find a way to win. Chicago survived another scare, hanging on for a 96-91 victory. The Nets return home for Game 3 on Wednesday night with their pride, and with a 2-0 deficit in the three-of-five-game playoff series.

And as in Game 1 on Friday, the Nets were not pleased with having made a good show of it. In the final minute, Jayson Williams shoved Chicago's

Dennis Rodman in frustration, drawing a technical foul. At least the Nets could say that they now know how the Bulls have made the New York Knicks feel for years. The frustration spilled over in other ways for Williams, too. In the fourth quarter, he sidled up to Michael Jordan and delivered a message.

"I looked at Michael and I said, 'I hope you stay and I hope you all stay together for another year, because next year we're going to run it up your chest,'" Williams said. "They're supposed to win at home. We hoped to steal one here, but let's see what happens when they get to our house."

Williams confessed that he turned and beaded to the other end of the floor after speaking his piece, not wanting to stick around to hear Jordan's response. "I don't feel like they can beat us," said Scottie Pippen, the Chicago forward. "It's just a matter of us coming

out and playing a complete game, and we have yet to do that."

The best the Nets could say most of the night was that they tried hard, refusing to fold as the Bulls started to run in the third quarter, when they opened a 21-point lead, and again in the fourth quarter, when the deficit was 14. Just as in Game 1, they continued to claw away. And the Bulls again had to rely on Jordan to keep the Nets at bay. He was the only Bulls player with a field goal in the final 7 minutes 30 seconds, and he scored eight of Chicago's final 11 points, finishing with 32.

Kerry Kittles, after a 3-for-17 shooting performance in Game 1, led the Nets with 23 points, 17 of them coming in the second half. Keith Van Horn, after missing most of Game 1 while battling a stomach virus and strep throat, struggled to a 10-point game in 29 minutes. Williams had 10 points and 11 rebounds.

**Away From the Lair, Wolves Pounce Back**

**Upset Stuns SuperSonics and Evens Series**

The Associated Press

The Minnesota Timberwolves won the first playoff game in franchise history and wrested home-court advantage from the SuperSonics.

The Timberwolves, seeded seventh in the Western Conference, won in Seattle 98-93 on Sunday night to even their best-of-5 first-round playoff series at 1-1.

"Oh yeah, we can win the series," said Kevin Garnett, the Minnesota forward.

**NBA PLAYOFFS**

ward, moments after the Timberwolves won a playoff game for the first time in franchise history.

Led by Stephen Marbury's 25 points, the underdog Wolves bounced back from a 25-point loss in Game 1 and stunned the Sonics by outplaying them throughout — and especially in the final three minutes.

Gary Payton's five-foot hook with 15.2 seconds to go cut Seattle's deficit to 92-90, but Payton then committed his sixth foul while trying to steal the ball from Marbury.

Marbury made two free throws with 13.8 seconds left, giving the Wolves a 94-90 lead, and Sam Mitchell, the only remaining member of the original Timberwolves franchise that entered the National Basketball Association nine years ago, sealed the victory on two free throws with 8.8 seconds left to give the Wolves a 96-91 advantage.

"Yesterday, they were calling us cupcakes; they were calling us soft," Marbury said. "It was unbelievable. Our young manhood was being tested. Yesterday was one of the worst days of my life."

Vin Baker, Seattle's leading scorer with 25 points in Game 1, was held to eight points.

The Wolves got 21 points from Terry Porter, a surprise starter, and a playoff career-high 18 from Mitchell. Garnett added 15.

Payton scored 32 points for Seattle before fouling out.

**Lakers 108, Trail Blazers 99** In Los Angeles, Rick Fox and Eddie Jones had

playoff career-highs of 24 and 21 points, respectively. Shaquille O'Neal had 19 points and 9 rebounds, and Robert Horry added 15 points.

The Lakers went ahead for good in the final minute of the second quarter and outscored the Blazers 35-23 in the third quarter to take an 89-75 lead into the final period.

Rider scored six straight points to cut the Los Angeles lead to seven points with 3:35 remaining, but that was as close as the Blazers would get.

"I believe in miracles," Isaiah Rider said. "Down two games to none, we need a miracle."

In a game reported in late editions, Monday.

**Knicks 96, Heat 86** In Miami, New York, the seventh seed in the East, leveled its series with the Heat at 1-1.

The biggest difference from the opening game was the passion shown by the aging Knicks, who pumped their fists, bumped their chests and jumped around like youngsters as they pulled away in the fourth quarter.

Chris Childs even drew an imaginary knife across his throat after hitting a 3-pointer with 1:52 left for an eight-point lead.

When time ran out, he spiked the ball and it bounced 15 feet in the air, punctuating the victory.

"We had the intensity that we didn't have in Game 1," Childs said. "Now the series starts."

John Starks scored 25 points, while Terry Cummings — who didn't even play in Game 1 — grabbed 14 rebounds in 27 minutes.

Allan Houston contributed 24 points, 9 rebounds and 6 assists, and Larry Johnson added 22 points.

Point guards Charlie Ward and Childs combined to contain Tim Hardaway, holding him to 15 points on 4-for-15 shooting after he scored 34 points in Game 1.

"It was like a heavyweight championship fight," Starks said. "They hit us hard in the first round, and we were just out there taking it. In the second round we came out and bit them a little bit harder."

**Devils and Stars Get Wake-Up Calls**

The Associated Press

The New Jersey Devils were the top team in the East in the regular season and finished 24 points ahead of the Ottawa Senators. The Dallas Stars were the best in the West, 31 points better than the San Jose Sharks.

On Sunday, the Senators beat New Jersey and the Sharks thrashed Dallas. "We're a team that has nothing to lose," said Lance Pitlick, an Ottawa defenseman, after his team won, 2-1, in

The Senators' goaltender, Damian Rhodes, made 30 saves. Martin Brodeur made 20 for New Jersey.

**Sharks 4, Stars 1** In San Jose, John MacLean had a goal and two assists as the Sharks beat the Stars after losing the first two games of their series.

The Sharks spotted the Stars a first-period lead on Sergei Zubov's goal, but rallied with four straight scores by MacLean and Owen Nolan in the second period and Al Iafate and Mike Rathje in the third session. MacLean assisted on the goals by Iafate and Rathje.

It was another penalty-filled contest that included several fights. On Friday in Dallas, the Stars scored on four of 14 power-play chances in a 5-2 victory. This time, it was the Sharks who had 14 power plays and they cashed in on three.

**Capitals 3, Bruins 2** Joe Juneau scored after 26:31 of overtime and Olaf Kolzig stopped 52 shots as the visiting Capitals beat the Bruins.

The Capitals were outshot, 54-27, but relied on Kolzig to handle more than a dozen Boston scoring chances. Byron

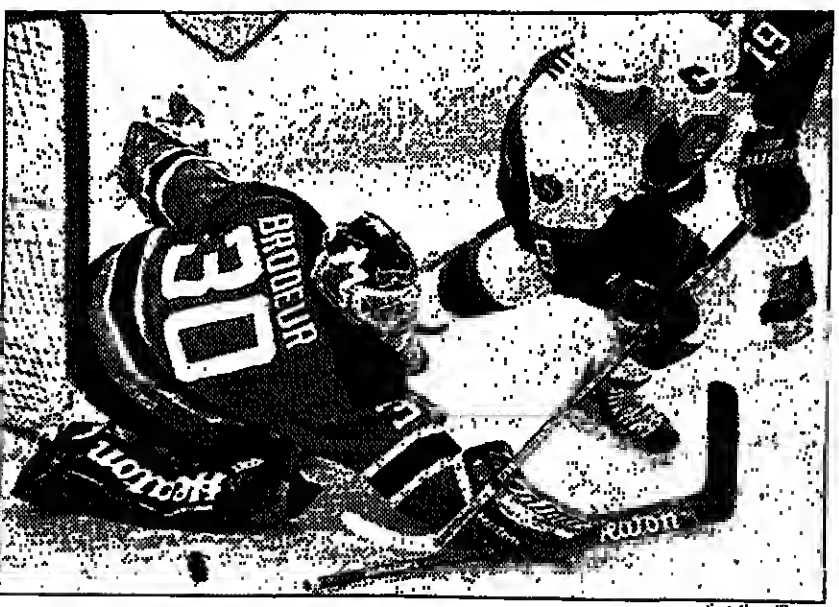
Dafos stopped 24 shots for the Bruins. The Bruins thought they had won the game, 3-2, on P.J. Axelsson's apparent goal at 15:43 of the first overtime. But the goal was waved off after a replay showed that Tim Taylor's left skate was in the crease.

**Avalanche 5, Edmonton 4** Joe Sakic's blast from the left circle at 15:25 of overtime lifted the Avalanche to victory in Edmonton.

Claude Lemieux's second goal of the game, at 2:14 of the third period, gave the Avalanche what appeared to be an insurmountable 4-2 lead. But the Oilers battled back with two goals in a 1:21 span to tie the game midway through the period.

Bill Guerin drilled a shot past the Colorado goaltender, Patrick Roy, at 11:11, and the Oilers' captain, Kelly Buchberger, tied the game, 4-4, at 12:32. "Overtime is when you want to play — that's when hockey is most exciting," Sakic said. "The adrenaline just takes over."

**Coyotes 3, Red Wings 2** In Phoenix, Rick Tocchet and Jeremy Roenick



Ottawa's Alexei Yashin, right, scoring on Martin Brodeur of the Devils.

scored power-play goals early in the third period, and Roenick redirected the winner past Chris Osgood with 7:13 left as the Coyotes beat the Red Wings. The Red Wings blew a 2-0 lead es-

tablished in the first 61 seconds on goals by Sergei Fedorov and Brendan Shanahan. "Jeremy is a big-game player," said Jim Schoenfeld, the Phoenix coach.

**Sele Is King of the Mound**

**Rangers' Pitcher Gets League-Leading 5th Victory**

The Associated Press

Aron Sele became the first five-game winner in the majors, and Juan Gonzalez homered twice and drove in four runs as the Texas Rangers beat the Royals in Kansas City, 11-4.

Sele (5-0) allowed four runs and eight hits in five-plus innings on Sunday night.

Gonzalez went 3-for-5 and scored three runs in the 28th game of his career in which he homered at least twice. He has 32 RBIs in April and six three-hit games this season.

Gonzalez had a solo homer in the first inning off Chris Haney and a three-run shot in the ninth off Jeff Montgomery.

"When you are a good hitter and hot, it doesn't seem like you can get them out no matter what you throw," said Tony Muser, the Royals' manager.

**Angels 2, Devil Rays 1** Jim Edmonds homered and Darin Mashore broke a sixth-inning tie with a run-scoring single as visiting Anaheim won its fourth straight.

**Athletics 12, Orioles 4** Rickey Henderson hit his second career grand slam, his first since July 1991, and Jason Giambi drove in three runs as Oakland won in Baltimore, sending the Orioles to their eighth loss in 11 games.

**Twins 2, Mariners 0** In Seattle, Brad Radke combined with Mike Trombley, Greg Swindell and Rick Aguilera on a six-hitter. Aguilera got three outs for his fourth save. It was the Twins' first shutout of the season.

**White Sox 5, Blue Jays 5** Albert Belle hit a solo homer and Ray Durham hit a three-run double at Comiskey Park. A rain delay interrupted the game, which had gone six innings, for an hour and 49 minutes before the umpires postponed it. It will be replayed in its entirety as part of a doubleheader on July 15, but all statistics from Sunday will count.

**Baseball Roundup**

**Dodgers 4, Cubs 3** In Los Angeles, Todd Zeile hit a two-out, run-scoring single in the 12th, and the Dodgers' bullpen extended its scoreless streak to 29½ innings.

Eric Young singled to open the 12th and Roger Cedeno sacrificed. After Raul Mondesi struck out, Zeile grounded a 3-2 pitch through the middle.

**Giants 6, Brewers 7** In San Francisco, Stan Javier and Charlie Belle hit solo homers off Doug Jones in the ninth, and Barry Bonds hit a grand slam for the Giants.

**Marlins 12, Diamondbacks 6** In Miami, Charles Johnson hit two long homers to help Eric Ludwick gain his first National League victory. Gary Sheffield added a two-run shot for Florida.

**Astros 15, Expos 0** In Montreal, Moises Alou capped a productive weekend against Montreal with a homer and five more runs batted in. Alou, who also drove in five runs against his former team on Friday, went 3-for-6 and scored three runs as the Astros completed a three-game sweep.

**Pirates 6, Padres 0** In San Diego, Jon Lieber allowed three hits in eight-plus innings, and Doug Strange's run-scoring single snapped a string of 20 scoreless innings for Pittsburgh.

**Phillies 9, Cardinals 3** In Philadelphia, Curt Schilling struck out 13, and Mike Lieberthal homered and drove in four runs for the Phillies on Sunday.

**Rockies 7, Braves 6** Greg Maddux was ripped for 10 hits and six runs — four in the first inning — as Colorado won in Atlanta.

**Boston** at Cleveland, Detroit at the New York Yankees and Cincinnati at the New York Mets were postponed because of rain.



The Orioles' Joe Carter leaping to grab a drive by Dave Magadan of the A's.

**Baseball Is Fun in the Cruellest Month**

Washington Post Service

Baseball in the spring provides a different kind of fun: than the grinding game of summer or the tense sport of the fall. These days baseball is a smorgasbord to be sampled as you please. Anything you don't enjoy, toss away. But grab second helpings of everything that makes you happy.

For example, the Red Sox are flirting with first place. Some might think the reason is the resuscitated Bret Saberhagen, who's 4-0. Saberhagen is so fragile, he once knocked his elbow out of joint doing a stretching exercise. Some of us, however, know he's not the cause. It's not \$75 the million Pedro Martinez or the wonder sophomore Nomar Garciaparra, either.

The real reason the Carmine Hose are surging is the removal of the Retired Number Jinx.

For years, atop the right-field stands have hung the numbers of Ted Williams (9), Joe Cronin (4), Bobby Doerr (1) and Carl Yastrzemski (8) — in that odd order: 9-4-1-8. As New Englanders know, Sept. 4, 1918 — 9/4/18 — is the day before Game 1 of the 1918 World Series — the last Series the Red Sox won.

If you say, "So what?" that just proves you're not a Red Sox fan. If you were, you'd fall down screaming. "Of course. That's it."

Fenway Park got a new paint job over the winter, and somebody accidentally put the numbers back in numerical order — 1-4-8-9 — just as any sane franchise, not wanting to curse itself for generations, would do.

Now, anything's possible.

In the spring, we have time to dwell on what ticks us most.

Like the 500-pound (225-kilogram) chunk of Yankee Stadium that fell 40

**Vantage Point/THOMAS BOSWELL**

feet (12 meters) into the upper deck of The House That Ruth Built. It's a good thing the Babe's dead. If he were alive, George Steinbrenner would have fired him for fanly construction. Maybe the falling debris woke up the Yanks.

Baseball in April is Mark McGwire having his 10-year-old son, Matthew, as the Cardinals' bat boy, then hitting three home runs in that game. McGwire is on pace to hit 62 or more home runs. So is Ken Griffey Jr., who hit his 300th homer this month — making him the second youngest in that club. We'll see those Roger Maris-pace charts all season. But this time they'll be worth the trouble.

Somebody's going to get that record this year.

As a new season starts, we're reminded of how well the game still can be played. And how shabbily. The Devil Rays and Twins — one of them an expansion team, though it's hard to tell which — can play a 13-12 game that requires 456 pitches.

Just when you say, "The sport has gone to hell," Curt Schilling and Greg Maddux lock up in two astonishing pitching duels in a week. Schilling won both, 2-1 and 1-0. The two games combined used only 4 hours 7 minutes and 431 pitches. Sandy Koufax vs. Juan Marichal wasn't any better. Calm down. The game's fine.

April is for phenoms, too, especially kid pitchers with big fastballs. We've got a couple. It's a shame the late Harry Caray won't be able to announce the career of Kerry Wood of the Cubs.

Caray on Kerry would have been a treat; the big 21-year-old has "em raving about his deluxe fastball-curveball combo. We'll see. He's still wild. Wood

will have to be special to surpass the Braves' Kevin Millwood, who already has pitched a one-hit shutout and is second in the National League in strikeouts. There's no nastier stuff on the Braves' staff than Millwood's. Is Atlanta's dominance coming to an end? Dream on.

Perhaps the biggest clues about the season can be found in the pitching lines. Look for the big names with ugly stats. When a team's ace gets hammered in the first month, that's important.

Something's wrong. Already, Randy Johnson, Mike Mussina, Darryl Kile, Shawn Estes, Hideo Nomo and Jaret Wright have given signs that their seasons may be disappointments. Each is the heart of a division contender.

The nicest story of the month is the 16-4 start of the Padres.

Can they carry Tony Gwynn back to a Series? That'd be just fine. It's easy to develop a taste for an eight-time batting champ who tells the union to butt out of his business and signs for less than his market value so he can finish his career in the city where it started.

As for Gary Sheffield — the anti-Gwynn — he takes the spring booby prize for saying he "feels unwanted" and has "difficulty motivating" himself. So he'll "stay here and rot" in Miami unless he's traded to Tampa Bay or Atlanta. Happy rotting, Mr. \$61 Million for Six Years.

Before Opening Day, everybody has expectations. But one month of actual baseball changes everything. If you want a reality-based prognostication of what the rest of the season holds, look at the standings this morning. They're probably shockingly close to correct.



SPORTS

# Ronaldo Invites Punishment

Referees Under Fire From Italy to Brazil as Seasons Reach Climax

Massimo Moratti, the Inter Milan president, and Ronaldo, the club's star player, were reported to Italian football's disciplinary committee Monday for casting a slur on Italy's referees.

Both men said referee Piero Ceccarini had been biased to Juventus on Sunday, when Inter lost, 1-0. The result put Juventus, the Serie A leader, four points ahead of Inter with three games to go.

Much of Italy agreed Monday that Juventus had, once again, benefited from favorable refereeing and that it would win Serie A as a result.

All the major newspapers had front-page stories on the game with headlines using words like "scandal" or "gift."

Several politicians offered their views.

In a pivotal 60-second span, Ceccarini failed to whistle a clear foul on Ronaldo by Mark Iuliano and then awarded a penalty to Juve's Alessandro Del Piero. It was the latest in a series of

questionable referee decisions that have helped Juventus this season.

"I feel robbed," Ronaldo said. "This is a real shame. They can fine me if they want, but you can't be silent in the face of things like this. Soccer is happiness if you play 11 against 11. But soccer is sadness when it is 11 against 12."

"It's not Juve's fault," Moratti said. "But there is a complex referee have. They are afraid to harm Juventus."

A week earlier, Juventus won, 1-0, at Empoli after referee Pasquale Rodomonte failed to see a goal for the host. Television replays showed the ball had crossed the line. Three weeks ago, the referee missed a handball by Iuliano in the penalty area against third-place Lazio.

ROMANIA Referees were under attack

in Romania, where Rapid Bucharest lost, 1-0, in Bacau and surrendered first place to Steaua Bucharest. On Monday, the club blamed the referee and the Romanian Federation.

"Referee Marcel Savaniu made at least five big mistakes during the match," Rapid said in a letter to the Mircea Sandu, the federation president. "He decided for both the match winner and the new champions." The club demanded that Savaniu be banned for life.

BRAZIL A Sao Paulo state championship semifinal ended in chaos when Corinthians beat Portuguesa with a last-gasp penalty awarded by Javier Castellari, an Argentinean referee.

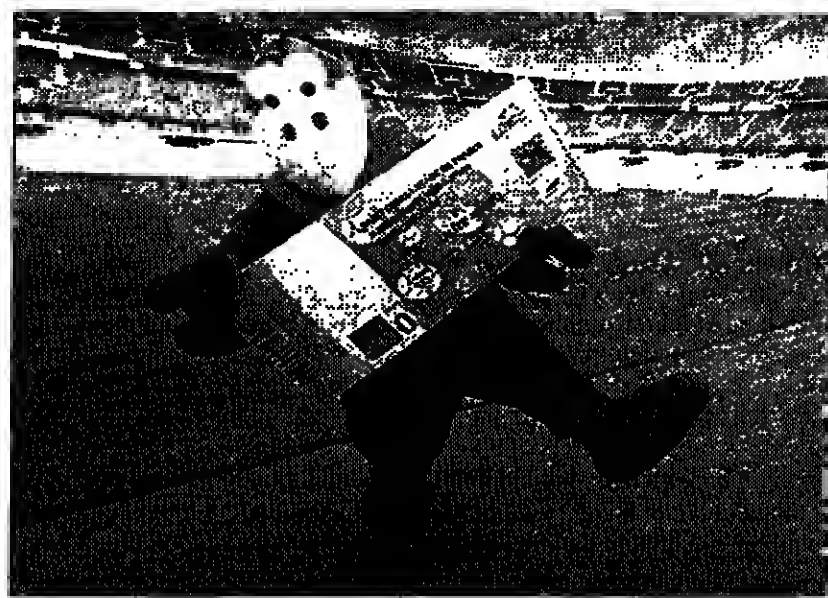
Portuguesa, the underdog, was one minute from the final when the penalty was awarded for handball against the defender Cesar. Television replays appeared to show that Cesar used his chest to control the ball.

Portuguesa players protested so vigorously that three—Carlinhos, Augusto and Cesar—were sent off and there was a five-minute delay before the penalty was converted by Freddy Rincón. The goal gave Corinthians a 2-2 draw and put them in the final. Their first goal also came from a controversial penalty.

The Sao Paulo federation has taken to using foreign referees because clubs complain so often about local officials.

AUSTRALIA Two semiprofessional teams took 44 kicks before they settled a penalty shoot-out. The Gap and Rocklea were tied, 3-3, Sunday at the end of their local cup game in Brisbane.

The match went to a shoot-out and the two teams made 43 consecutive kicks. Under FIFA rules, each team takes five kicks and if they are still level, they move to sudden death. But sudden death was slow in coming as both teams kept scoring. Three hours and one minute after the match started, Tom Novack, the Rocklea captain, shot his second penalty straight at the goalkeeper, and the Gap won 25-24. (AP, AFP, Reuters)



RUBBING IT IN — Footix, the World Cup mascot, showing off a giant copy of a ticket for the opening match between Brazil and Scotland at the Stade de France on Monday. The game, June 10, is sold out.

# A Battler Gets First Victory on PGA Tour

GREENSBORO, North Carolina — Trevor Dodds, a 38-year-old journeyman, gained his first victory in a PGA tour when he beat Scott Verplank in a playoff in the \$2.2 million Greater Greensboro Chrysler Classic.

Dodds, who battled testicular cancer last season while playing the Nike Tour, became the 15th different winner this season in as many PGA Tour events.

"Life is funny — my illness, my cancer — made me change my approach a lot about life," Dodds said. "In a sense I put golf in the proper place. Golf became the third thing in my life, but that doesn't mean I didn't want to pursue golf."

He said his faith and his family were now 1-2.

Dodds, who shot a final-round 69 Sunday for a 12-under total of 276, trailed by two shots as he stood on the 18th tee. He almost holed his approach shot and birdied one of the course's toughest holes for the fourth straight day to move one behind the leader at the time, Bob Estes.

Estes, playing two groups behind Dodds, then missed two par-saving 5-footers on the final two holes, the last devastating bogey lipping out on the right side of the hole.

Verplank put his approach shot on No. 18 within 30 feet of the pin and then made the putt to force the playoff.

In the playoff, Verplank's drive found the right rough on No. 18, while Dodds split the fairway. Verplank's approach shot landed 60 yards from the green, but Dodds got within 8 feet of the pin. Verplank then two-putted for a bogey, while Dodds got the par and victory.

# Manchester Digs Deep for Dutch Defender

MANCHESTER — Jaap Stam became the most expensive defender in world soccer after PSV Eindhoven agreed to sell him to Manchester United for £10 million.

The two clubs agreed to the \$16.6 million transfer fee on Sunday. On Monday, United said it expected Stam to sign officially later this week after negotiating salary terms.

PSV had originally asked a \$15 million transfer fee for Stam, 25, who has played 11 times for the Dutch national team.

Stam won the Dutch player-of-the-year award last month and said afterward that he had always wanted to play for Manchester United.

Stam began his professional career

at the relatively late age of 19, playing for FC Zwolle, Cambuur Leeuwarden, and Willem II Tilburg before moving to Eindhoven.

He made a 10-minute international debut as a substitute against Germany in 1996, but made his name in a friendly match against Brazil where his defense against the star striker Ronaldo was impressive.

"He's a real pro, he's very fast and he's a good header," said Dick Advocaat, the PSV manager. "It's a very good thing for United. He's a real team player and one of the best defenders in the world."

Previously, the most expensive defender was Roberto Rios, a Spaniard, who moved to Athletic Bilbao from Real Betis last year for \$12.9 million.

# More Cup Tickets Go on Sale

40,000 Returned by Teams Whose Own Fans Won't Attend

PARIS — France's World Cup organizers will make 40,000 more tickets available to European fans after several participating countries returned unsold tickets from their allocations.

The French organizing committee CFO said Monday that the tickets would go on sale Tuesday. Isabelle Delaue, head of ticketing, declined to say which matches were covered by the additional tickets. The returned tickets came mainly from smaller countries.

The tickets will be sold on the telephone lines that opened last Wednesday to sell 110,000 tickets for first and second round matches; of those 25,000 were still unsold Monday.

The sale of tickets has been fiercely criticized, particularly in England. Jacques Lambert, the director-gen-

eral of the organizing committee, retaliated Monday. He said nearly 80 percent of the tickets for Euro 96 in England had gone to British citizens.

"I can't understand how something that was normal in 1996 should have become discriminatory in 1998," he said at a news conference.

The hot lines have sold about 17,000 tickets a day, but millions of callers, particularly from outside France, have been unable even to get through.

Lambert said the system was set up in haste. "I defy anyone to put in place the sale of 110,000 tickets to 375 million people," he said.

He was roundly applauded by about 100 reporters present at the news conference, an indication of resentment in France to what is seen as unfair criticism.

# SCOREBOARD

## BASEBALL

### MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE				NATIONAL LEAGUE			
Team	W	L	Pct.	Team	W	L	Pct.
<b>EAST DIVISION</b>				<b>WEST DIVISION</b>			
New York	14	5	.737	Cleveland	13	13	.500
Boston	16	6	.727	Minnesota	10	13	.435
Baltimore	13	11	.545	Kansas City	10	14	.417
Tampa Bay	11	11	.500	Chicago	8	13	.381
Toronto	9	13	.409	Detroit	4	16	.200
<b>CENTRAL DIVISION</b>				<b>WEST DIVISION</b>			
Seattle	13	13	.500	Los Angeles	12	10	.545
San Diego	10	13	.435	San Francisco	12	12	.500
Chicago	8	13	.381	Colorado	10	16	.385
Detroit	4	16	.200	Arizona	7	18	.286
<b>NATIONAL LEAGUE</b>				<b>SUNDAY LEAGUE</b>			
Atlanta	15	9	.625	Oakland	400	000	12-15
New York	12	9	.571	Baltimore	400	000	12-15
Philadelphia	11	11	.500	Cincinnati	400	000	12-15
Florida	8	16	.333	San Diego	400	000	12-15
Montreal	7	16	.304	Los Angeles	400	000	12-15
<b>CENTRAL DIVISION</b>				<b>SUNDAY LEAGUE</b>			
Milwaukee	15	8	.652	St. Louis	400	000	12-15
Houston	14	10	.583	Pittsburgh	400	000	12-15
St. Louis	12	12	.500	Cincinnati	400	000	12-15
Chicago	11	13	.458	San Diego	400	000	12-15
Pittsburgh	10	13	.435	Los Angeles	400	000	12-15
Cincinnati	10	13	.435	San Francisco	400	000	12-15

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## ART BUCHWALD

## You Can Merge on It

WASHINGTON — With all the country's major banks merging, I thought it might be time to do a remake of the Frank Capra-James Stewart classic "It's a Wonderful Life." We live in a different world, and we must keep our lending-institution stories up to date. I would give the Stewart role of George Bailey to Tom Hanks. Sharon Stone would be the wife, Uncle Billy would be Jack Lemmon, and the Lionel Barrymore role of Henry Potter would go to Marlon Brando.



At first George resists, but Henry is persistent. He offers to give George stock options

## A New Blockbuster From North Korea?

AGENCE FRANCE-Presse HONG KONG — North Korea has offered a Hong Kong director the use of 200,000 soldiers as extras in a movie he wants to film in the exclusive state, the South China Morning Post reported. Jacob Cheung Chi-leung has promised huge pitched battles similar to those in Mel Gibson's "Braveheart." The film is an epic about a small region defended by a pacifist before the Warring States period of 403 to 221 B.C. Kim Jong Il, the North Korean leader, reportedly a movie enthusiast and James Bond fan, has taken an interest in the project, the newspaper reported.

## John Brown Lives On as a Writer's Inspiration

By Mel Gussow  
New York Times Service

NEW YORK — As a novelist, Russell Banks has deeply mined contemporary working-class America, a world that he knows from firsthand experience. Through "Continental Drift," "The Sweet Hereafter" and other books that deal with the violence and pain in everyday life, he has achieved a reputation as a tough-minded, Hemingwayesque writer, an image that is enhanced by his appearance. A burly man of 58 with a close-cropped white beard, he could stand in for Hemingway in a movie about his later life.

Outwardly, his new novel, "Cloudsplitter," is a startling change of pace. Twice as long as his other books, it is his first extended work of historical fiction. It is an ambitious re-evaluation of the life of John Brown, the abolitionist whose raid on Harpers Ferry, West Virginia, in 1859 was regarded by some historians as the spark that led to the Civil War. For the author, however, "Cloudsplitter" is a natural next step, and it is closely related to his other novels.

"The themes are very much the ones I've worked with in the past," he said. "The tension between father and son, the individual and the larger community, the issue of racial identity in a racialized society."

In "Cloudsplitter," there are also moments that have a curious personal resonance. In an early pivotal scene, John Brown's son Owen steals his grandfather's prized watch and for this thievery is whipped by his father. After saying that he failed him as a father, John Brown gives his leather strap to his son and demands a whipping.

Nothing so traumatic seems to have happened to the real Owen Brown, but in similar circumstances, Banks stole his grandfather's watch and was whipped for it (although he was not asked to thrash his father). He wrote about the experience in an autobiographical essay. When the incident was

mentioned to him, he laughed heartily, as if he were a child caught with his hand in the cookie jar.

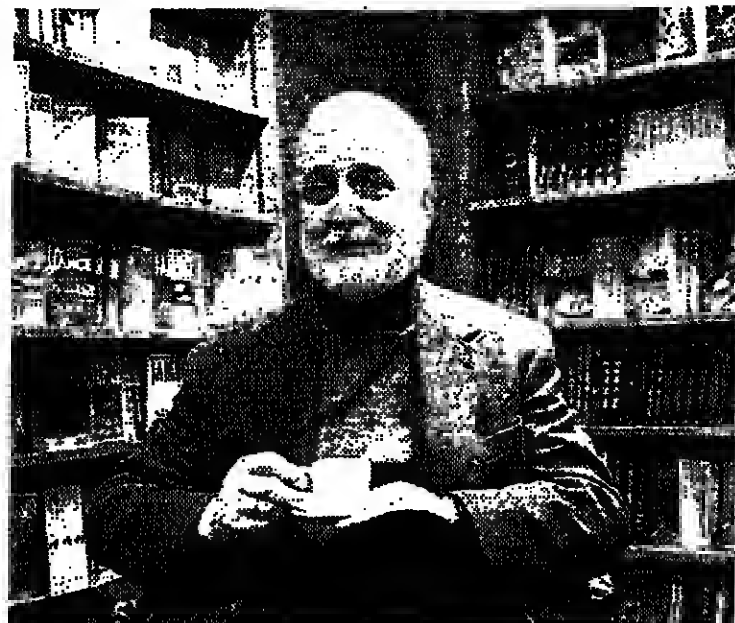
"This is a perfect example of the mix of history, autobiography and invention coming together," he said, and added that all his novels included aspects of his life. "Once you enter into a world of fiction, everything is fair game and loses its initial context."

In the case of "Cloudsplitter," he held to the basic known facts about Brown and dutifully kept the language in his period, but he was also aware that "you can't tell a boring story and then defend it by saying it really happened that way."

His interest in Brown was heightened by the fact that the abolitionist lived and was buried in North Elba, New York, near where Banks and his wife, Chase Twichell, a poet, have a country house. From his home, Brown could see the Cloudsplitter mountain (now called Mt. Marcy) that gives the book its metaphorical title. "Brown's ghostly presence was irresistible," Banks said.

Having chosen his subject, he had to decide which character would tell the story. "The Sweet Hereafter" was told from the perspective of four people. (Atom Egoyan's movie version, in contrast, centered on a single character.) With "Cloudsplitter," he was unsure until he learned about the background of Oswald Garrison Villard's 1909 biography of Brown. In the research collected by Villard's assistant, Catherine Mayo, were extensive interviews with three of Brown's sons.

"When I read the transcripts," he said, "it was one of those experiences where the hair stands up on the back of your neck. I said, this is the way to tell the story: an elderly son recollecting and maybe telling the story to this woman, Catherine Mayo. Owen Brown, who had been present at the important moments in his father's life, was an ideal choice as narrator, but he died in the 1880s and was never interviewed. Banks brought Owen back



Russell Banks: mining the violence and pain in everyday life.

to life as a California homesteader at the turn of the century.

In contrast to other books and plays on the subject (including Stephen Vincent Benet's verse drama "John Brown's Body"), the novel limits Harpers Ferry to its final pages and omits Brown's trial, focusing instead on his earlier life and his transformation into a revolutionary.

The portrait is of a moralist of biblical proportions who dedicates himself to the eradication of slavery and turns to killing as if it were an act of God. Owen shares the stage with his father throughout the novel, as a disciple carried along on a tidal wave of self-willed martyrdom.

While he was writing the book, Banks was aware of many parallels between Brown and modern terrorists. "I'm not trying to justify them by justifying John Brown," he said, adding that he was more interested in tracking Brown's personality than in taking a position on his actions. He does not regard him as a madman. "Clinically," he said, "he probably was a manic-depressive. If they had had lithium

in the 1840s and 50s, we never would have had Harpers Ferry."

He added, "We might not have had the Civil War."

One other major change was in the character of Lyman Epps, a black man who was one of Brown's aides. Banks said that the real Epps lived a long life. In "Cloudsplitter," he plays a major role as Owen's friend and rival, and he has an early tragic death. In effect, the Lyman Epps in the novel becomes an invented character. Defending that fabrication, he pointed to Nathaniel Hawthorne, who in "The Scarlet Letter" and other books used historical characters in fictional guise.

For Banks, Hawthorne is a role model (although Hawthorne was anti-abolition). Personally and artistically he felt a kinship, partly because of their New England background. Banks grew up in New Hampshire, the son of a plumber, an alcoholic. While trying to be a writer, Banks himself worked as pipe fitter and plumber, and that working-class environment soon provided him with ma-

terial for his fiction. "I've generally written about people who don't read my books," he said.

While doing research in the early 1980s (for a projected novel on Hawthorne and President Franklin Pierce), he happened to read a newspaper article about "an American captain smuggling Haitians from the Bahamas," and the story of "Continental Drift" took shape in his mind. "I began working on the book that day and never looked back."

"Continental Drift" became the book against which all his others have been measured. Similarly, "The Sweet Hereafter" was inspired by an article about a school-bus accident; the film widened its readership, and other films will soon follow. He has written the screenplay for a movie of "Continental Drift," to be directed by Agnieszka Holland. Paul Schrader's film of "Affliction" (starring Nick Nolte) has not yet been released.

For many years Banks has taught fiction writing at Princeton University, along with other celebrated novelists, including Toni Morrison and Joyce Carol Oates. While he was working on "Cloudsplitter," Morrison was working on her new novel, "Paradise," and they were, he said, collegial in their mutual support. "In a sense, we were both writing historical novels, deeply formed by the history of African Americans in this country, although hers is set in the middle of the 20th century."

For his next novel, he plans to go farther afield, to Africa, for research in Liberia, a country that was created by freed American slaves in the early part of the 19th century.

Hemingway was clearly on his mind when Banks explained: "What often happens among older writers is that they don't expand their experience of the world, and so their writing becomes this or derivative of their own early work. Perhaps that's why I moved into historical fiction. Instead of covering a war or going to Africa to shoot lions."

## A Spirited Debate Over Heller's 'Catch-22'

The Associated Press

LONDON — A letter to a British newspaper by an amateur bibliophile who noted striking similarities between Joseph Heller's classic "Catch-22" and another World War II novel has set off a trans-Atlantic debate.

Lewis Pollock's letter to The Sunday Times two weeks ago asked whether anyone could account "for the amazing similarity of characters, personality traits, eccentricities, physical descriptions, personnel injuries and incidents" in "Catch-22" and a novel by Louis Falstein.

Last week, Heller, 74, rejected any comparison. "I have never heard of this Louis Falstein or read his book," the newspaper quoted him as saying. "The similarities come from a common wartime experience."

But the paper said Heller's rejection of any comparison has only made the literary world "more obsessed" with Falstein's novel. That book was published in 1951 while the first chapter

of "Catch-22" was written in 1953, after Heller had completed his studies at Oxford University, the paper said. Heller admits in his biography "Now and Then," published last month, that he "borrowed" actions and settings of his earlier works from other writers. The newspaper said that fueled interest in Pollock's question.

Both "Catch-22" and "The Sky is a Lonely Planet" are set at the Mediterranean base of an American bomber squadron. Both focus on terrified airmen forced by bureaucratic bungling to fly a dangerously excessive number of missions over Nazi-occupied Italy.

Both have central characters who are using their wits to escape the aerial carnage; both are haunted by an omnipresent injured airman, invisible inside a white body cast, "The Sunday Times" said. "Both characters are run ragged by a wheeler-dealing friend; both are betrayed by the confused indifference of senior officers."

Duff Hart-Davis, the son of Falstein's British publisher Rupert Hart-

Davis, told the paper he discovered that his father never met the author. "This has set me wondering. Was the book a practice run for 'Catch-22'?" Was Falstein actually Heller?

The Sunday Times said the answer was no. It said it discovered that Falstein was real and shared Heller's background. "Both came from Russian-Jewish families who emigrated to New York shortly in the century and both served with honor in the American Air Force in the Mediterranean in 1943-45," the paper said.

Heller was quoted by The Times as saying that since Falstein was born in 1909, he would have been too old to fly in World War II. "I don't know what he was up to," Heller was quoted as saying. "There were a lot of strange people around." Falstein's literary agent, I.L.A. believes he died only recently, in his 80s, at his Brooklyn home.

Pollock told the paper he never intended to make any trouble for Heller, "but suddenly, everyone was taking a bite of my theory."



Joseph Heller, facing questions.

## PEOPLE

THE director Stanley Kubrick has lost patience with Jennifer Jason Leigh and replaced her with a Swedish actress for final shooting of his thriller "Eyes Wide Shut." Sweden's TT news agency said he asked Marie Richardson to take Leigh's role because the American actress was busy working on another project in Canada. The weekly "Le Film Francais" said this month that Kubrick had ordered Leigh to re-shoot all her scenes because he was so unhappy with her performance first time round.

The mother of Diana, Princess of Wales, has joined her son in demanding an end to the commercial exploitation of her dead daughter's name. Frances Shand Kydd and Diana's brother, Earl Spencer, wrote to a fund set up in memory of Diana and "expressed concern and asked questions" about the way it was being run. Kydd told journalists. The fund, which raises money for charity, has been criticized for allowing Diana's name to be used on a scratch lottery card and margarine tubs.

The letter demanded that the fund put a stop to such commercial activity.

Nancy Reagan is to make a rare appearance in Washington next week to dedicate the Ronald Reagan Building and International Trade Center. Mikhail Rostropovich will perform at a black-tie gala to benefit the Children's National Medical Center and the Ronald Reagan Institute of Emergency Medicine at George Washington University. The former president, suffering from Alzheimer's disease, will not attend.

The deputy prime minister of Britain was left red-faced after he took the controls of a mock-up of a new solar-powered car and crashed it into a taxi. John Prescott wasn't quick enough on the brakes as he took the single-seat sleek machine for a quick lap at an exhibition center in Chester. He appeared to be traveling too fast and struck the taxi. The solar car was left with a crumpled front end, the taxi with scratches.



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